Austria ... Sch. 15	Indonesia .. Rp 2500	Portugal ... Esc 65
Bahrain .. Din 0.650	Italy ...... L 1100	S. Arabia .. Rls 6.00
Belgium .... BFr. 35	Japan Y550	Singapore . S$ 4.10
Canada .... C$2.50	Jordan .... Fils 500	Spain ..... Pta 95
Cyprus .. Mils 600	Kuwait .... Fils 500	Sri Lanka ... Rup 30
Denmark .. Dkr. 7.00	Lebanon .. L£ 6.00	Sweden .. Skr 6.50
Egypt .... E£1.00	Luxembourg . LFr. 35	Switzerland . SwFr 2
Finland .. Fmk 5.50	Malaysia .. Rm 4.25	Taiwan ... NT $35
France .. FFr. 5.50	Mexico .. Pes 300	Tunisia .. Din 0.600
Germany . DM 2.00	Morocco .. Dh 6.00	Turkey .... L 180
Greece ..... Dr 80	Netherlands . Fl 2.25	U.A.E. .... Dh 6.50
Hong Kong . HK$ 12	Norway .. Nkr. 6.00	U.S.A. $1.50
India .... Rup. 15	Philippines . Pes. 20	

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FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,179 Wednesday November 23 1983 D 8523 B

Real test looms for British labour laws, Page 18

NEWS SUMMARY

GENERAL

Syrians behind bombing says U.S.

U.S. Defence Secretary Caspar Weinberger claimed that Syria was behind the October 23 bomb attack that killed 239 U.S. marines in their Beirut headquarters.

He said the U.S. had "a pretty good idea" of the general group responsible. "They are basically Iranians, with the sponsorship, knowledge and authority of the Syrian Government" he said in Washington.

King Hussein of Jordan bitterly attacked Syria and Libya and said that attempts to destabilise his country would meet "merciless punishment." Page 4

EEC foreign ministers discussed a British plan for the phased withdrawal of all foreign forces from Lebanon, as a possible prelude to its endorsement by a Community summit in Athens next months. PLO rebels poised for assault. Page 4

Italy's Cabinet will today discuss Italy's role in the peacekeeping force.

No EEC sanctions

EEC governments ruled out the use of sanctions against the newly declared Turkish republic of Cyprus, leaving open the question of whether it would be able to carry on trade with European countries. Page 3

Exocet victim

Iraq has sunk a Greek-operated vessel outside Iranian port Bushire in the first confirmed and successful use of an Exocet missile in the Gulf war. Page 20

Geneva talks

U.S. and Soviet negotiators meet in Geneva today in what could be the last session in the current talks to limit nuclear weapons in Europe. Nato officials hope the talks will continue, but their governments are said to be baffled by Soviet behaviour in the past ten days. Page 20

Counterfeit arrests

Italian police arrested eight alleged counterfeiters in Rome after West German police detained the suspected courier of false $100 bills in Hanover.

Jaruzelski switch

Polish leader General Wojciech Jaruzelski stood down as defence minister, but was named head of a new national defence committee that will control the forces. Page 2

Soviet air battle

Seven people were killed in a gun battle on a Soviet aircraft after eight young people attempted to hijack it to Turkey.

Brisbane jail riot

More than 100 prisoners were barricaded in Brisbane's top-security prison after inmates on hunger strike started fires and went on the rampage.

Tombstone charge

A Singapore man went on trial for possession of a subversive document – a tombstone on the grave of his brother, who was executed for keeping firearms, that referred to his heroic death.

Barbecue blast

Propane gas explosions at a barbecue restaurant in Kakegawa, central Japan, killed 14 and injured 27.

Briefly . . .

Gela, Sicily: Hundreds of unemployed damaged the town hall and held the mayor hostage, protesting against the boarding-up of unlicensed dwellings.

BUSINESS

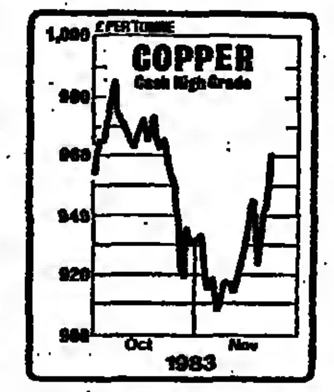
Brazil's recession 'getting worse'

● **BRAZIL'S** recession is deepening at a faster rate than foreseen last month, say two official studies, one of which predicts a 6.6 per cent decline in the gross domestic product this year. Page 20

● **YUGOSLAVIA** is to seek a two to three year standby credit from the IMF. Page 3

● **WALL STREET:** Dow Jones industrial average was up 7.01 at the close on 1,275.81. Report, Page 31. Full share listings, Pages 32-34

● **TOKYO:** Nikkei Dow index rose 6.78 to 9,416.56. Stock Exchange index eased by 0.51 to 689.76. Report, Page 31. Leading prices, other exchanges, Page 34



● **COPPER** prices advanced for the third day in London. The higher-grade cash figure was £16.5 up at £980.5 ($1,415.3) a tonne. Page 40

● **DOLLAR** lost ground, due to profit-taking on currency markets. It closed at DM 2.69 (DM 2.7045), FFr 8.205 (FFr. 8.2275), SwFr 2.171 (SwFr 2.187) and Y234.5 (Y235.5). Its Bank of England trade-weighted index was down from 128.8 to 128.4. In New York, it closed at DM 2.6935; SwFr 2.1727; FFr 8.2125 and Y234.65. Page 41.

● **STERLING** rose 85 points to $1.4735, and to DM 3.965 (DM 3.96), FFr 12.074 (FFr 12.0375) and Y346 (Y344.75). It eased to SwFr 3.2 (SwFr 3.2025). Its trade weighting, recorded before the close, was down from 83.6 to 83.5. In New York it closed at $1.474. Page 41

● **GOLD** rose $1.75 to $376.375 in London, by $2.25 in Frankfurt to $376.5, and by $2 in Zurich to $374.5. In New York the Comex November settlement price was $375.70. Page 40

● **LONDON:** FT Industrial Ordinary index rose 6.9 to 725.7. Government securities showed modest rises. Page 35. FT Share Information Service, Pages 36–37.

● **DUTCH** union leaders rejected government plans for pay and working-time cuts and threatened to extend their campaign of strikes and disruption. Page 3

● **WEST GERMAN** economy is likely to grow by between 2.5 and 3 per cent next year, according to Bonn's council of five economic advisors.

● **TIME,** the U.S. publishing group, has dropped its teletext experiment and will not introduce a planned service next year. Page 20

● **BASF,** the West German chemicals group, lifted its worldwide pretax profits in the first nine months to DM 1.05bn ($388m). Page 21

● **BANCO EXTERIOR,** which channels most of Spain's export finance, is issuing Pta 2.56bn ($16.5m) in new capital next month on the basis of favourable forecasts for growth and profits. Page 21

● **AN INVESTMENT** group led by Mr Victor Posner, the Miami based financier, has made a cash bid for Peabody International, the diversified U.S. engineering and pollution control group after building up a 21.1 per cent stake.

FIRST PERSHINGS DUE TO ARRIVE TODAY

Bundestag votes 286-226 to accept missiles

BY JAMES BUCHAN IN BONN

U.S. PERSHING 2 ballistic nuclear missiles were due to arrive in West Germany early today after the Bundestag voted 286–226 last night to approve their deployment in a major victory for Chancellor Helmut Kohl and Nato policy.

Despite furious attempts by the environmentalist Greens to stage a filibuster yesterday the second day of the Bundestag debate, the centre-right Government won a comfortable majority for the bitterly opposed deployment of the Pershing and cruise missiles.

The Bonn Government confirmed yesterday that the first U.S. medium-range missiles would arrive "early in the morning" but only on condition that the Government won approval for its motion in a vote which Green tactics pushed late into the night.

The 20 West Berlin members, who cannot vote on German legislation because of the city's four-power status, were allowed to cast ballots for the non-binding government resolution. Five deputies were not present for the vote, and one abstained.

[Former Chancellor Willy Brandt, an avowed opponent of the U.S. missiles, was the deputy who failed to cast e ballot, AP reports. Observers said he walked into the chamber weving his red "no" card, but was told he had missed the rollcall.]

The extra-parliamentary protest movement, which mobilised nearly a million people against the missiles in October and briefly managed to block approaches to the parliament on Monday, had all but vanished from the Bundestag area yesterday as if numbed into fascination by the impending arrival of the first nine missiles.

In the chamber, e debate which was supposed to cap four years of national soul-searching exceeding even that over the Eastern treaties of the early 1970s, degenerated into poisonous personal attacks in a weary and enervated etmosphere.

Herr Willy Brandt, the opposition Social Democrat (SPD) party chairman, was called to order by the speaker for calling a minister a slanderer.

The Greens walked out for a while when their second effort to achieve a recess was blocked after a deputy and e group of party workers were arrested outside the building. The Government deputies were also called to order.

The Green group, who were mistaken by police for unauthorised demonstrators, were released. The Greens added two hours to the marathon session when 23 of their 28 members explained their reasons for voting against the Government amid tumult in the chamber.

The debate was a welter of stale repetition. Government spokesmen rehearsed the logic of Nato's 1979 strategy to deploy missiles now if the Soviet Union did not reduce its medium-range force and attacked

Continued on Page 20

Geneva talks, Page 20

UK 'will not restrict foreign role in City'

BY PETER RIDDELL, POLITICAL EDITOR, IN LONDON

THE UK Government would generally welcome further changes in the structure of the London Stock Exchange, including the purchase of shareholdings in member – firms by foreign institutions. This was made clear yesterday by Mr Norman Tebbit, the UK Trade and Industry Secretary.

Mr Tebbit was speaking in a House of Commons debate on a Bill to exempt the stock exchange from proceedings under the Restrictive Trade Practices Act. This follows the agreement with the Government last July when the stock exchange promised to make changes in its rules.

The Trade Secretary conceded that the changes – which include the ending of minimum commissions and the separation of jobbers and brokers – looked like being more rapid than envisaged. "The effects of breaking the log-jam have been quite remarkable," be said.

While indicating that the Government would not seek to prevent further changes, he said he had no wish to plan and regulate the market. It was, he commented, "not only, or indeed primarily, for the Government to take the decisions about the long-term future of the securities industry in this country."

Mr Tebbit faced criticism from some Conservative MPs over the possible extension of foreign control over the City of London, Mr Peter Tapsell, a partner in James Capel, and Mr Anthony Beaumont-Dark, a partner in Smith Keen Cutler, warned of the dangers of a transfer of ownership to U.S., West German and Japanese investors. This point was also stressed by Mr Peter Shore, Labour's trade spokesman, in a speech strongly attacking the Bill.

The Trade Secretary noted the foreign interest but argued that plenty of UK institutions were also making overtures to stock exchange member-firms.

"In any case, the foreign institutions bring some advantages for us," he said. "We might remember that the very names of many notable firms have an un-English ring to them – reminding us of the benefits of allowing open access. By tapping the financial strength of foreign institutions, we can enhance our existing pre-eminence which is based on history and skill."

Mr Tebbit made it plain that the Government had three priorities:

● To ensure that the stock exchange continued as an effective market in which industry and commerce could seek finance, the Government could issue stock and also liberate state industries into ownership by the public;

● To see the investor properly served and properly protected;

● To foster the London market as e contribution to UK invisible exports.

Mr Tebbit's main defence of the Government's agreement with the stock exchange was that the exchange had become unable to change to meet outside challenges, particularly from abroad.

Stock market, Page 31, and Pages 35–37.

Latin American problems lift VW 9-month loss to DM 247m

BY JOHN DAVIES IN FRANKFURT

VOLKSWAGEN, the West German motor vehicle maker, has suffered a DM 247m ($91.3m) loss in the first nine months of this year, largely because of difficulties in Latin America.

The mounting losses for this year – despite an improvement in VW's other problem area, the U.S. – follow e DM 300m loss for the whole of last year.

The burdens have been compounded by the cost of introducing production of the new Golf model in Wolfsburg, although the company is happy with the new model's performance.

VW's nine-month loss is considerably worse than the DM 146m loss reported at the corresponding stage last year.

Partly because of the Golf costs, the parent company reported a DM 7m loss in the first nine months, compared with a profit of DM 22m in the corresponding period last year.

Although the number of vehicles delivered to dealers fell, VW increased its sales revenue by 3.4 per cent to DM 29.62bn in the first nine months of this year.

Domestic sales revenue rose by DM 1.78bn to DM 10.97bn, but revenue abroad slipped DM 834m to DM 18.05bn. The share of VW's revenue earned ebroad declined from 67 per cent to 62 per cent.

VW said its deliveries to dealers fell by 2 per cent to 1.59m vehicles because dealers ran down their stocks.

Sales to customers overall were almost the same as last year, although the West German market improved while sales abroad fell.

VW said its Mexican subsidiary felt the full force of the severe drop in vehicle sales on the local market. In other parts of Latin America, export deals and price measures actually lifted sales.

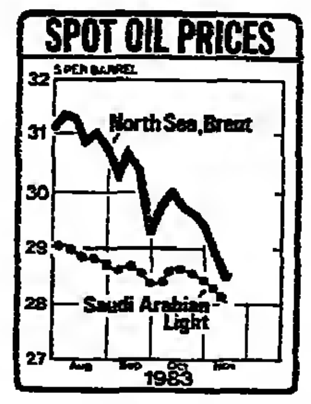
In the U.S., increased imports of VW vehicles could not make up the decline in sales of locally-produced models. Sales on European export markets also suffered

VW's worldwide production slipped 4.2 per cent to 1,595,000 vehicles, with output declining both at home and abroad.

VW said problems in Latin America – with economic austerity and currency and price controls – were giving all manufacturers great difficulties.

Earlier this year, Dr Carl Hahn, chief executive, indicated that VW faced a bumpy road ahead and that efforts being made to ensure a sound future would not be reflected in group earnings before 1984

Europe's vehicle makers face cash shortage, Page 2; Lex, Page 20.



Erosion of price worries oil groups

By Richard Johns in London

OIL INDUSTRY leaders are becoming seriously concerned by the steady erosion of prices on the spot market since the beginning of September.

Rates are below those of early April when the present price structure was established and before the Organisation of Petroleum Exporting Countries convinced the market of its ability to assert come control over production.

Industry leaders are clearly reluctant to say anything in public that could "psychologically destabilise" the market because of the all-important part played by expectations and perceptions. But there are growing indications as to how tenable the price structure set in the spring, after e $5 per barrel price cut, will be over the coming months.

The underlying weakness of the market is attributed mainly to the fact that Opec output from July to October ran well ahead of consumption as members breached their agreed limit of 17.5m barrels a day by 1m b/d or so. Inventories are high and there has not been a revival in demand on the scale hoped for or sufficient to absorb over-production. Overall, the slide in prices on the spot market, the best indicator of the supply and demand balance, is considered to be disturbing.

Yesterday, the buyer-seller range for Arabian Light, the Opec reference, slipped again slightly giving a buyer-seller range of $27.95 to $28.10 compared with the official selling rate of $29 per barrel.

Brent Blend, the North Sea reference, was at $28.50 to $28.60 compared with its official selling rate of $30.0 and a high point of $31.40 early in August.

Commodities, Page 40; energy review, Page 11

European bid to kill U.S. unitary tax

BY CLIVE WOLMAN IN LONDON

FOURTEEN of the largest EEC companies with subsidiaries in the U.S. have formed e lobby group to press the U.S. Administration into making illegal the unitary taxation of multinational companies by individual U.S. states.

Under unitary taxation, multinational companies are taxed on e portion of their worldwide profits without reference to the profits generated in a particular state. Twelve states, including California and Florida, are presently using this method of taxation.

Unitary taxation, say its critics, defies the principle of international double taxation treaties which state that companies should not be taxed twice on the same profits by different jurisdictions.

The lobby group, called the Committee to Restore an Internationally Stable Investment System (Crisis), first came together last week to file a statement with the U.S. Treasury Department's working group which is investigating the subject. But the announcement of its formation was delayed unól last night.

The group is believed to be financed by a diverse oumber of EEC multinationals, although no spokesmen were available to confirm this last night.

The companies include Beecham, Tete and Lyle and Lloyds Bank International of the UK, Telefunken and Siemens of West Germany, Nestle of Switzerland, Philips and Royal Dutch Petroleum of Holland and Peugeot, Michelin and Reneult of France. Mr Tener Eckelberry, the U.S. general representative for France's Compagnie Genérale d'Electricité, is chairman of Crisis.

The organisation is to hold a meeting in Washington on November 30, when the U.S. Treasury working group is also meeting to prepare a recommendation for the U.S. Administration.

The Crisis meeting will be open to all U.S. subsidiaries of EEC multinationals, of which at least 1,000 are thought to be affected in the U.S. by the imposition of unitary taxation.

On December 12, a further meeting will be held in Brussels for the parent companies. The meetings are intended to work out the lobbying strategy, the group's structure and its budget.

Mr Hugh Paterson, a spokesman for Crisis, said last night: "This is the first example of such co-operation betweeo the large EEC multinationals." The relationship with non-EEC multinationals with U.S.

Continued on Page 20

EEC orders study on electricity links

BY IAN HARGREAVES AND MAURICE SAMUELSON IN LONDON

A MAJOR study of the potential for transferring electric power between European countries has been ordered by the European Commission.

The Commission has asked for three points to be assessed – the status and capacity of existing interconnections, the potential for significant upgrading, and the extent to which EEC financial backing would stimulate additional interconnections.

At present, there are numerous, low-capacity links across European boundaries, designed mainly for peak load management and emergency back-up.

Since 1979, however, there has been a growing surplus of electric power capacity in certain countries, notably France, which has forged ahead with an ambitious programme of nuclear power development.

Electricité de France, the French electric utility, has already held bilateral talks with e number of potential large-scale buyers of its output. The Netherlands, which has no nuclear power stations, is one obvious potential market for French electricity.

Other links likely to be discussed are those between France and Italy, which relies heavily on oil to generate electricity, and between Ireland and Wales.

A 2,000-megawatt sub-channel link between Britain and France is already under construction, but this is seen as a load management exercise. The longer-term possibility of a higher-capacity link has attracted some attention in Britain.

Continued on Page 20

CONTENTS

Companies need to invest but may not have the money, writes **Kenneth Gooding**

Europe's vehicle makers face cash shortage

THE EUROPEAN motor industry will not be able to generate all the cash it needs for its annual capital investment programme, which will average £7.5bn for the next six years. The annual shortfall could be up to £4bn.

This forecast was made yesterday by Prof Krish Bhaskar, Professor of Accountancy and Finance at the University of East Anglia, whose analysis of motor industry finance has been well-regarded for many years.

He suggested: "In order to prevent the Japanese from further infiltrating the European market, European governments will either have to make good the shortfall in capital expenditure or protect their markets through trade restrictions."

Prof Bhaskar, at a conference in London organised by DRI Europe, estimated that the European manufacturers during periods of peak demand would spend £7bn to £9bn a year, falling to £6bn to £8bn during troughs in demand. The cash shortfall would be up to £2bn in times of high sales and from £2bn to £4bn during periods of poor sales.

The European industry has been spending around £7bn annually for the past few years but it was "simply not engaging in product rejuvination or automation at anything like the level necessary to emulate the Japanese. If the industry does not increase its capital expenditure, then the European companies will simply lose their market share because their products do not compete on technical and other product characteristics.

"Moreover, the Japanese cost advantage may increase through an even greater use of automation."

Prof Bhaskar said his research team at the University of East Anglia had analysed the European manufacturers' declared product intentions and estimated that between them they would spend £21bn on new products between 1984 and 1989. A further £12bn would be required for routine replacement of plant and equipment. Automation and robotics would cost upwards of £24bn.

He pointed out that for the past four years the Europeans had suffered financial losses. "The U.S. manufacturers lost money in 1981 and 1982 but recovered by 1983 (they are now extremely profitable again). The European industry started to make losses overall from 1980 and losses continued into 1983." In addition, he said, "there are no signs of total recovery. This is a worrying trend."

Prof Bhaskar maintained: "Profitability of the European manufacturers has been little short of disastrous. No investor would wish to back the industry based on its performance over the last six years." He said the Japanese were consistently the most profitable vehicle manufacturers in the world.

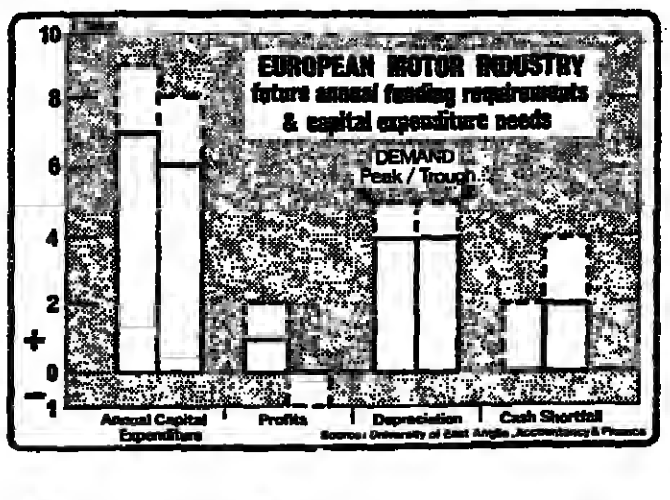
Prof Bhaskar's preliminary calculations indicate that Toyota, the largest Japanese group, and Nissan, the second largest, consistently make a return after tax of 4 to 7 per cent on consolidated sales. "Such profitability has only been equalled by General Motors and Ford (number one and two in the U.S.) in the halcyon days of the early 1970s."

He admitted that assessing profitability was extremely difficult, but Ford appeared to be quite significantly the most profitable manufacturer in Europe (Ford of Britain last year showed a 5.8 per cent return on sales and Ford of West Germany's return was 2.8 per cent). However, if Daimler-Benz's accounts were reconsidered using British accountancy conventions, then its results would be close to Ford's in Europe.

In those markets where there are restrictions on Japanese vehicle sales, a future economic boom would allow the Europeans' profit margins to increase. Conversely, the next recession in Western Europe could produce large losses among the vehicle groups because the capital structure of the industry is highly geared.

For the industry as a whole long term debt is about £10bn and short term debt about £9bn.

But Prof Bhaskar insisted: "The principle question is not one of profitability but whether the industry can fund its future capital expenditure requirements."



● Professor Krish Bhaskar (left) . . . . . "Profitability of European manufacturers has been little short of disastrous."

FAO returns to respectability with Western countries

BY JAMES BUXTON IN ROME

IN the past few weeks the United Nations Food and Agriculture Organisation (FAO) has come in from the cold. The Western industrial countries, which provide the bulk of the Rome-based organisation's funds, have received it back into the ranks of those UN organisations which they tolerate.

The occasion has been the FAO's biennial conference, now drawing to a close. Last week it unanimously approved the new budget for the next two years, which entails only 0.5 per cent real growth, and the spending of $421m (£288m) at current exchange rates.

The same occasion two years ago was much more contentious. Five Western countries—the U.S., UK, West Germany, Switzerland and Japan—voted against the budget, and several others abstained. That budget involved real growth of at least 8 per cent, those countries maintained.

The FAO, housed in an ugly complex of buildings dating from the Mussolini era near the Baths of Caracalla, is both a clearing house for information on world food production and resources, and a source of technical assistance, mainly to developing countries, on how to improve their agriculture.

It has representatives in almost every developing country, directs armies of specialists and consultants, and publishes mountains of information both for governments and farmers. It is perhaps best known for its strongly-worded warnings about impending global food shortages and recently sounded the alarm about the frightening food situation in 22 Southern and Central African countries.

But the FAO has become an obvious target at a time when many countries are trying to hold down their aid spending, and in some cases even questioning whether aid is worth giving at all.

Critics have accused it of being a vast bureaucracy which produces paper rather than food, and whose pronouncements at least until recently were laced with third world anti-Western rhetoric. The FAO has been accused of being far too indulgent to the governments of some developing countries which others blame for the failure of their food production to keep pace with population.

Part of the problem is that the FAO is not, and was never designed to be, a major aid-giving organisation financing spectacular development projects. Of its budget some 45 per cent goes on "Technical and economic programmes" — i.e. work in the field. Much of the rest is accounted for by administration of one sort or another in fulfilment of FOA's function as a repository and distributor of knowledge.

Western resentment against the FAO boiled over at the 1981 biennial conference. A vitriolic press campaign against the FAO got underway, particularly in West Germany, and in the English Language newspaper in Italy, the Daily American. With a wealth of not always accurate detail the FAO was accused of waste, excessive salaries, political intrigue and poor administration under its Lebanese Director-General, Mr Edouard Saouma, who was elected for a second six-year term in 1981.

Mr Saouma . . . softening criticism of the West

Since then the industrial countries have worked behind the scenes to try to get the FAO to change course — to save money and spend its resources better. The outcome has been the new budget, which foresees a 3.5 per cent increase in real spending on technical and economic programmes in the field while holding down the overall real rise in spending to almost zero. To achieve this Mr Saouma has cut 41 senior posts and reduced administrative costs by $4m.

Mr Saouma has become notably less sharp in his remarks about the industrial countries. As a mark of rapprochement the conference is chaired by the U.S. Agriculture Secretary, Mr John Block, representing a Government higly critical and parsimonious towards most aid agencies.

The FAO has not yet received the seal of good housekeeping from the industrial countries. West Germany abandoned an earlier intention to abstain and approved the budget, but its contribution is dependent on the Bundestag (lower house of parliament).

The sad thing is that the controversy over the Organisation itself diverts attention from what FAO actually does or ought to do in the field. Mr Saouma's recent appeal for emergency food aid for the 22 African states (where a series of bad crop years combined with disease and the running down of farming in general are endangering a "significant proportion" of 150m people) produced little response—perhaps reflecting Europe's declining interest in developing countries and the dulling of the senses caused by FAO's repeated past warnings of doom.

Mr Saouma has lately, however, begun to be more critical of developing countries.

But he has been very cautious about accepting the argument, strongly advanced by the World Bank, tht the basic problem in African agriculture is that governments, anxious to placate their urban populations, keep ofod prices down—thus reducing the incentive for the farmer to produce.

Stronger Jaruzelski gives up defence job

By Christopher Bobinski in Warsaw

POLAND'S MILITARY leader, General Wojciech Jaruzelski, yesterday resigned as Defence Minister. However, the restructuring of the National Defence Committee which he also heads, means he will retain many of his former powers and will have his position strengthened.

General Florian Siwicki, the son of a pre-war officer and a close associate of Gen Jaruzelski, takes over the defence portfolio.

Mr Janusz Obodowski, a Deputy Premier and chief of the Planning Commission with overall responsibility for the economy, has been replaced by Mr Zbigniew Messner, an economist and party first secretary in Katowice.

Mr Messner has become First Deputy Prime Minister and takes over responsibility for the economic reform programme.

Mr Manfred Gorywoda, party secretary in charge of the new chief of the Planning Commission while Mr Obodowski remains Deputy Premier in charge of foreign trade.

Parliament yesterday also extended until the end of the year the amnesty for the Solidarity underground which expired at the end of October. The move brought a hardline revolt among Communist party deputies, three of whom voted against the extension while 15 abstained.

At an earlier meeting of the Communist grouping in Parliament, Mr Kazimierz Barcikowski, a member of the leadership, was forced to argue that the extension was a sign of strength rather than weakness as hardline speakers had charged.

Phone link to Hungary bond issue

BUDAPEST — Hungary is putting the finishing touches to a bond issue that will offer an unusual coupon—6 per cent along with a firm promise that subscribers will have a telephone installed within three years.

The wait for a telephone in Hungary can be as long as 20 years.

"Our telephone network has to be one of the worst in the world and the normal waiting list can extend into the next century," admits Mr Janos Radnoczy, a department chief at the State Development Bank who is among the organisers of the bond.

By tying an individual's purchase of a bond so directly to a service he needs, Hungary hopes to significantly broaden the appeal of its youthful bond markets and channel funds into enterprises, such as the telephone system, which need it particularly urgently.

Budapest surprised the financial world last year by becoming the first Eastern bloc state to set up a bond market. Earlier this month, it went a step further by extending to private individuals the opportunity to buy bonds, a privilege previously reserved for enterprises and co-operatives.

The idea of linking a service to a bond purchase, if given final approval next month by the Finance Ministry, may provide a model for other large-scale infrastructure improvements which the public wants and is willing to help develop.

AP-DJ

Another year of austerity faces Portugal

By Diana Smith in Lisbon

AUSTERITY will persist in Portugal next year, according to Sr Ernani Lopes, the Finance Minister. Economic policy will concentrate on containing the balance of payments deficit on the current account and the budget deficit, he told Parliament at the start of the week-long debate on the 1984 budget.

With planned spending of Esc 900bn (£4.8bn) next year, the Government proposes a real decrease of 10.5 per cent in public sector investment and of about 8 per cent in subsidies and capital allocations to the sector. These are the heaviest cuts in the eight years since widespread nationalisations swept hundreds of companies into the public net.

The only ministry to enjoy a substantial increase in funds is Labour and Social Security. Its allocation will be 80 per cent above this year's.

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Yugoslavia to seek 2-3 years standby credit from IMF

BY DAVID BUCHAN AND ALEKSANDAR LEBL IN BELGRADE

YUGOSLAVIA has made clear it will be one of the first to call on the resources of the newly-liquid International Monetary Fund in order to surmount tho 1984-85 peak in debt repayments.

Mr Zvone Dragan, Vice-Premier in charge of economic relations, said Yugoslavia wanted a new 2-3 years standby credit. Negotiations will start on December 5 when an IMF team arrives here.

Yugoslavia also wants the IMF to arrange, as it did this year, a wider support package in 1984 involving Western sovarnments and commercial banks. It is asking for refinancing of about $3bn, compared to more than $4bn this year. It wants to match borrowing to repayments so that its total hard currency indebtedness does not rise above the present $18.8bn level. Belgrade also has some $400m in unspent Western government commodity credits from this year.

At last week's meeting in Geneva of Yugoslav official creditors, Western governments indicated willingness to reschedule principal payments due to them in 1984. Yugoslavia plans to approach its commercial creditors with a similar request next month. About half the $3bn principal due next year is owed to commercial banks. Belgrade officials say only a relatively small amount of fresh loans are needed to cover any unrescheduled maturities.

However, even if its request for 1984 rescheduling is met, Yugoslavia's debt servicing will still take 45 per cent of total hard-currency earnings, including net remittances from workers abroad. Nevertheless, the figure is lower than this year's 55 per cent debt service ratio.

Exports to the industrialised Wst have increased by 27 per cent in both value and volume this year. The current account deficit is expected to drop from $1.4bn last year to some $400m this, with a forecast surplus of about $800m in 1984 which is designed to replenish national bank reserves rather than repay foreign debt.

A further IMF programme would give the government valuable psychological support, Mr Dragon said, noting that inflation and domestic goods shortages had led many to snipe at its stabilisation programme.

A standby arrangement longer than one year would get the country through 1985, when maturities of medium and long-term foreign debt hit a peak of $3.4bn-$3.5bn.

BIS begins detailed work on SDR 3bn loan for Fund

BY JOHN WICKS IN LAUSANNE

THE BANK for International Settlement (BIS) has begun detailed work on an SDR 3bn (£2.1bn) credit for the International Monetary Fund now that the U.S. has approved its $8.4bn (£5.7bn) share of the IMF's resources.

Dr Fritz Leutwiler, President of the BIS, disclosed at a Press conference here yesterday that the credit, to be accompanied by a similar SDR 3bn loan from Saudi Arabia, would be provided by 18 central banks. It would probably mature in 2½ to 3½ years time.

A formal decision on the loan was likely when the central bank governors met at the BIS in Basle on December 12, he told a Press conference. Both the BIS and Saudi Arabia had previously set U.S. approval of its increased subscription to the IMF as a condition for the loan.

Dr Leutwiler, who is also president of tha Swiss National Bank, said Switzerland's share in tho BIS loan would probably amount to about SRD 180m.

● Real economic growth in Switzerland is expected to be about 2 per cent, compared with zero this year, Dr Leutwiler said yesterday, Reuter reports.

Swedish ban on Pretoria

BY DAVID BROWN IN STOCKHOLM

SWEDEN PLACED a retroactive embargo yesterday on the import of "war equipment" from South Africa. It said it would "not be used as a transit point for illegal traffic in strategic goods," stating that its nentrality was at stake.

Tho announcement followed a late-night search by Customs of four shipping containers of computer equipment delivered last week by a Swedish ship which originated in Cape Town.

The vessel was boarded last week by West German authorities minutes before sailing from Hamburg. They confiscated three containers, thought by Washington to contain sophisticated U.S.-made computers capable of performing missile guidance and to be bound for the Soviet Union.

The U.S. has banned the export of high technology to the East bloc.

The case has exposed the delicacy of Sweden's non-alignment policy between the two power blocs and its sorely tested attempt to deal equally with both East and West.

Union calls 24-hour French dock strike

By David Marsh in Paris

FRENCH DOCKERS will stage a 24-hour strike today and stoppages will take place on Thursday at the troubled Poissy plant near Paris of the Peugeot-Talbot car group. This is part of action by the Communist-led CGT trade union against job cuts and wage restraint.

The dock strike, the latest in a series of stoppages this year to back wage claims by dockers grouped under the umbrella of the CGT, will affect 14,000 workers and is planned to paralyse large French ports.

The CGT yesterday also called for two-hour stoppages at the Poissy plant to press home its opposition to Peugot's plan to reduce its workforce by 7,540, involving 2,905 job losses at Poissy. This plan was restated on Monday by Peugot management, who also announced that FFr 1.2bn (£100m) would be invested at the plant over the next two years to modernise and automate production.

Announcement of strike action—following weeks of relative calm on the labour front—follows growing signs of trade union unrest over government plans to continue holding down wago increases. Because this year's inflation rate will now probably be abovo 9 per cent, workers who accepted lower wage rises this year now believe they face an additional loss of purchasing power.

The Government faces additional hostility in negotiations with the corporate sector over plans to hold down industrial price rises for next year. The Finance Ministry is aiming for price rise limits in the region of 4-4.5 per cent, against the 5 per cent inflation target.

The employers federation is complaining that, in spite of promises to relax controls, 70 per cent of industrial prices are still under government regulation, which it claims is cutting into profit margins and hampering investment.

Dutch hopes for breakthrough on pay dashed

By Walter Ellis in Amsterdam

THE CRISIS in the Dutch public sector took a further turn for the worse yesterday. Union leaders rejected the Government's ideas for a three-year package of pay cuts and work-time reductions and threatened to extend their campaign of strikes and disruption.

Late on Monday night, hopes rose for a widespread return to normal working when it was learned that several unions were ready to go on talking, thus isolating the militants led by the FNV federation.

After negotiations lasting through the night, however, the three unions involved—all of them moderate "Christian Social" institutions—announced that tho Government had refused to give ground on any important point and that the campaign would continue.

There are no immediate plans for a resumption of talks, which the unions now see as futile.

EEC WARY OF HARMING SETTLEMENT PROSPECTS

Turkish Cyprus sanctions ruled out

BY JOHN WYLES IN BRUSSELS

EEC GOVERNMENTS yesterday ruled out sanctions against the self-proclaimed Turkish Republic of North Cyprus and left open the question of whether this part of the island would be ohle to continuo trading with Community countries.

While resolutely refusing to recognise the new state, which declared its independence last week, Community foreign ministers appeared reluctant to do anything to harm prospects for a diplomatic settlement. They were also said to be anxious to avoid sparking a wider clash between Greece and Turkey which might weaken Noto security in the eastern Mediterranean.

The immediate qnestion is whether ogricultural and manufactured goods from the Turkish sector should continue to enjoy preferential access to Community markets. This is guaranteed under a ten-year-old Association Agreement, which is supposed to lead to customs union between Cyprus and tho EEC.

Mr Malcolm Rifkind, Britain's Minister of State at tha Foreign Office, said imports would be barred if they carried a Turkish Cypriot certificate of origin. But some imports could well find their way into the Community if the Turkish Cypriots maintained their current system of presenting certificates issued by local chambers of commerce.

However, Mr Yannis Charalambopoulos, Greece's Foreign Minister, and president of tho Council of Ministers, asserted that "tha import of prodnce from tho northern part of Cyprus will not be allowed." Clearly, the situation will have to be elarified by ministers next week, after the Commission has reported on tha implications for the Association Agreement of the independence declaration.

The Cypriot Government is pressing for a clear understanding that only those goods it authenticates should gain access to the EEC. Yesterday's unanimous decision that formal sanctions would be "inappropriate" was made possiblo by Greece's abandonment of its demand for punitive measures.

● Mr Andreas Popandreou, tho Greek Premier, has invited Arcbbishop Iakovos, tha chief Greek Orthodox religious official in North America, and representatives of the Greek Amorican community to attend a conference on Cyprus in Athens next Tuesday, writes Andriana Ierodiaconou.

● Cyprus President Spyros Kyprianou said aftor o meeting yesterday in Now York with Sr Javier Perez do Cuollar that the UN Secretary-Goneral had promised to do what he could to reverse tho declaration of independence, Ap reports.

● Turkish Foroign Minister, Mr Ilter Turkmen, said that Ankara would not withdraw its recognition of tho Turkish-Cypriot stato but called for intor-communal talks to be resumed, Reuter reports from Washington.

EUROPEAN Parliament leaders yesterday threatened to reject the EEC's 1984 budget in a bid to force member governments to accept their policy priorities, John Wyles reports. But as the Budget Ministers settled down to an all-night discussion, early indications were they would square up to a possible confrontation with MEPs.

When they gave the draft budget a First Reading last month, MEPs added Ecu546m (£311m) to the Council's draft spending plans of Ecu24.84bn (£14.14bn). The Council maintains that under budget rules only Ecu382m could have been added.

Steel-users seek relief on price controls

BY PAUL CHEESERIGHT IN BRUSSELS

STEEL-USERS are mounting a campaign to ensure that the European Community's proposed minimum price controls are not applied to supply contracts already in place.

The Commission, which administers the system of quota and price guidelines covering the EEC steel industry, has decided to introduce minimum prices for hot-rolled coils, cold-rolled thin and heavy plate, and for heavy beams from December 1.

Tha Liaison Group of the European Engineering Industries has told Viscount Etienne Davignon, the Commissioner for Industry, in a letter published yesterday, that the Commission's attitude on existing contracts is unacceptable.

Publication was timed to coincido with a meeting of the EEC's consultative committee on steel, which brings together producers and users. The Commission has the power to act on prices, but only after consultation.

"Engineering companies which have already taken contracts for delivery of their products at fixed prices during the company months are expected to take a loss or ot best effectivoly to transfer part of thoir anticipated profit to their steel suppliers," the latter complained.

"In the frequent cases where our companies have ordored thoir steel from stockholders and are supplied from existing stocks, the loss which they are expected to accept would not even hring any benefit to the steel producers themselves," it said.

Tho engineering industry, one of the main customors of steel prodocers, accept that the minimum price controls, howover obnoxious to them, will be put in place, hnt it wants a period of some three months in which contracted prices would still apply even if below the Commission minima.

Tho problem is ocute on the Continent, but less so in Britain where discounting by steel producers has not been so pronounced. Tho discounting by the producers, especially for flat products, lod the Commission to step in with its price control schame in order to stabilise tho market.

Socialist 5-year plan approved in Athens

By Andriana Ierodiaconou in Athens

THE SOCIALIST Government of Mr Andreas Papandreou has pushed through a controversial draft five-year economic development plan for the period 1983-1987. It aims to combino o socialist overhaul of the Greek economy with a cure treatment for stagflation and rising unemployment.

The draft plan was opposed by both conservative and communist deputies in a late-night parliamentary vote on Monday. A spokesman for tho conservatives called tho plan "tho illegitimata offspring of technocrats who are disconnected from Greek reality and domocratic procedures." Communist MPs criticised the government for keeping Greece in tho EEC ond for not carrying out swooping nationalisation in industry.

The 25-pago plan reads like a manifesto of the Papandreou Government's main economic and political goals. According to tho text tho Socialists' main aim will be tho reduction of inflation and unomployment and an increase in productivity and investmont particularly in tho public sector.

The text has reassuring words to say about privete enterprise. which is assured of "o wido fiold of action." Bnt olsewhore it refers to "profitooring" and "corruption" in the private sector, and foresees an increased stato role in industrial prodnction.

Tha documont describes tha five-year plan as "an expression of the visions and political identity of the governing Socialist Party" and says it is hased "on popular sovereignty."

The draft plan is the centrepiece of the long-torm strategy being dovised by Mr Gerassimos Arsenis, tha National Economy Minister.

PLO rebels poised to resume assault

BY PATRICK COCKBURN IN BEIRUT AND LOUIS FARES IN DA MASCUS

THE ASSAULT on Palestinians loyal to the leadership of Mr Yassir Arafat, the beleaguered chairman of the Palestine Liberation Organisation, will resume in three or four days, Mr Ahmed Jabril, a leading PLO rebels, said yesterday.

Although he did not say so, the breathing space afforded Mr Arafat by Mr Jabril may be to allow intensive diplomatic efforts to extract Mr Arafat from bis enclave.

The attack on the surrounded Palestinians will be postpooed only if Mr Arafat gives in to the rebel demands and leaves the city or surrenders. He shows no sign of doing either.

However, Prince Seud al Faisal arrived in Damascus yesterday and went into closed session at the Foreign Ministry with Mr Abdul Halim Khaddam, the Foreign Minister.

Prince Saud's visit followed strong criticisms by Crown Prince Abdullah bin Abdul Aziz of Saudi Arabia of PLO rebels.

Mr Arafat had appealed to the Crown Prince and other moderate states to intervene to stop the fighting, the Crown Prince said.

"Our Arab and Islamic nations did not offer sacrifices (for the Palestinian cause) so generously to let a colonel or a brigadier stage a coup against the trusted authority of the PLO."

Prince Saud's trip to Damascus coincided with a visit by e delegation by non-aligned countries which included the foreign ministers of India, Yugoslavia, Somalia and Cuba.

This prompted qnestinns not only about President Assad's health — he is variously rumoured to be suffering from beart trouble and or appendicitis—but also ebout the Palestinian question. An aide to President Assad said the President's bealth was good and in constant improvement."

On the question of the Palestinians, a spokesman said: "Syria's position towards the Palestinian question is fixed and well known to all parties and to all mediators. Syria is against the inter-Palestinian fighting."

Asked whether Syria was co-operating with the new mediation efforts, the spokesman said: "Syria has been co-operative in the past with former mediators and the Gulf Co-operation Council . . . it remains ready to co-operate with every sincere effort along the same lines."

King Hussein rounds on Syria and Libya

BY ROGER MATTHEWS IN AMMAN

KING HUSSEIN of Jordan launched a bitter attack on Syria and Libya yesterday, and warned that attempts to de-stabilise his country would meet "merciless punishment."

He accused the two regimes of mounting a "dangerous and criminal conspiracy" and said the Syrian-backed Palestinian rebellion in Northern Lebanon was no different from the massacre of Palestinians in the refugee camps at Sabra and Cbatilla in Beirut last autumn.

The King's speech to military officers in Amman reflects the Jordanian Government's conviction that it is now the key target for Arab extremists.

Several bundred people are understood to have been detained fnr questioning in Amman and border security with Syria tightened, following a spate of unsuccessful bomb attacks in the capital.

The largest device—90 lbs of explosive attached to two gas cylinders—would have caused serious damage tn the British embassy, had a faulty trigger mechanism not prevented it from exploding.

Although Jordan has accused the Palestinian dissident, Abu Nidal, of responsibility, the officials believe the attacks in Amman and on Jordinian diplomats abroad were inspired by Syria.

King Hussein yesterday deplored "the despicable terrorist acts and cheap blackmail resorted to by certain regimes known for their trescherous affiliations and enmity to the Palestinian people."

He added: "The stability and prosperity nf Jordan will not be affected by the evil deeds of an immoral few, whn have sold their souls to the enemy."

Jordanian officials also believe they have reason to fear that pro-Iranian terrorist groups are being diverted from Lebanon to join the campaign against them. Jordan has been the staunchest supporter of Iraq in the Gulf war with Iran and still provides nne nf its main supply routes.

Syria has backed Iran in the fighting and has contributed to the war of economic attrition against Iraq hy shutting its oil export pipeline to the Mediterranean.

Jordan is, meanwhile, continuing its intense diplomatic efforts to ensure the survival of Mr Yassir Arafat, the PLO chairman, if he is driven out of Tripoli by the Palestinian rebels. However, King Hussein is known to be sharply critical of the response be is receiving from other moderate Arab regimes, which he feels are doing too little to frustrata Syria's amhitions.

Israeli soldiers still held

BY DAVID LENNON IN TEL AVIV

ISRAEL is deeply concerned over the fate of six of its soldiers captured last September who are held in Tripoli as prisoners of the Fatah forces of Mr Yassir Arafat.

Israel still holds nearly 5,000 Palestinian guerrillas taken prisoner during last year's invasion of Lebanon, but earlier negotiatinns nn a prisoners' swap came to nothing.

Israel has previously gone to extraordinary lengths to rescue its citizens held hy bostile forces, the most spectacular being the daring raid on Entebbe

Because of the deteriorating position of the official Palestinian Liberation Organisation (PLO), Mr Khalil al Wazir, Mr Arafat's deputy, has said that the PLO could no longer guarantee the safety of the prisoners.

As the territory still held by Mr Arafat shrinks, the Israeli worry about its prisoners increases.

Arah forces hold a total of 11 Israeli prisoners. In addition to the six held by the Arafat group, two are beld by the Popular Front for the Liberation of Palestine's General Command led by Mr Ahmed Jibril and the other three are in Syrian hands.

Manila bank chief for Bahrain talks

Mr Jaime Laya, governor of the Philippines central bank, is to pay brief visits to Bahrain and Saudi Arabia this weekend in an attempt to restore confidence in his country's economy, writes Mary Frings in Bahrain. Ha is due in Bahrain on Saturday.

Packer appeal

Mr Kerry Packer, the Australian businessman and publisher, was yesterday given leave to appeal against last week's Federal Court decision ordering him to appear before the Costigan Royal Commission investigating tax evasion and other crimes, writes Michael Thompson-Noel in Sydney. The appeal will be heard on December 14.

Inquiry adjourned

The Commission of inquiry into allegations that Kenya's former Minister of Constitutional Affairs, Mr Charles Njonjo, was involved in the country's abortive coup last year was adjourned yesterday until January 10 without hearing evidence, writes Michael Holman in Nairobi.

Karmal setback

The Soviet-backed Babrak Karmal regime in Afghanistan suffered a setback last week when one of its military commanders, Maj-Gen Mohammed Abdul Azim, was killed by the Islamie guerrillas, according to Western diplomatic dispatches, writes Mohammed Aftab in Islamabad.

Doe plot 'foiled'

Liberian leader Samuel Doe said that a plot to overthrow him involving several leading members of his ruling People's Redemption Council (PRC) had been foiled, according to Monrovia Radio, Reuter reports from Abidjan.

Visit of Chinese party chief likely to enhance relations with Japan

BY JUREK MARTIN IN TOKYO

SINO-JAPANESE relations, already on a firmer footing than at any time in recent history, seem likely to be enhanced by the eight-day visit to Japan of Mr Hu Yaobang, the Chinese Communist Party Secretary-General, which begins today.

Mr Hu's itinerary is different from that of two other recent visitors to Japan, President Reagan and West German Chancellor Kohl, in that it is designed to give him the maximum exposure to Japanese people and culture, as well as embracing bilateral talks with members of the government.

There has been widespread interest in the fact that Mr Hu, clearly in the running to succeed Deng Xiaoping, has chosen Japan for his first visit to a "Western bloc" nation.

Mr Hu is expected to elaborate on China's assessment of its relationship with Japan in two speeches on Friday and Saturday, the first to the Diet, the second to a group of young Japanese. (Mr Hu's party includes a leading member of the Communist Youth League).

Existing evidence suggests that the People's Republic, with a pragmatism matching Japan's, is perfectly happy dealing with the existing conservative Japanese government.

When the leader of the Japanese Socialist Party, Mr Masashi Ishibashi, went to Peking recently and made some critical remarks on Japanese foreign policy, Mr Hu pointedly refused to respond and said that China had no intention of involving itself in internal Japanese affairs.

Japan will almost certainly mark his visit by confirming that it will extend further lines of credit to the People's Republic. These have totalled Y300bn ($1.27bn) between 1978 and 1983.

Two-way Sino-Japanese trade has been running in the $9bn to $10bn annual range for the past few years, with China enjoying surpluses in 1981 and 1982.

Hitachi contracts disclosure

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

HITACHI DISCLOSED yesterday that some of its computer customers were being asked tn sign contracts directly with IBM for software which they have previously nbtained through Hitachi.

Companies signing such contracts will be compensated by Hitachi for tha payments they will make to IBM, a Hitachi spokesman indicated. Hitachi is asking its customers to go to IBM in view of the U.S. company's policy of supplying software direct to users, not via intermediaries.

In the U.S., IBM's software is protected by copyright laws which make it illegal for other companies to supply similar software to their customers. Japanese copyright laws do not cover computer software but may be revised in the near future to match the situation in the U.S.

Hitachi said yesterday that it is making efforts to develop its own software as quickly as possible so as to avoid the necessity nf asking customers to deal directly with IBM.

In the case of application software, the company is expected to be able to make the change relatively fast. Operating systems software is, however, likely to take much longer to develop.

Louise Kehoe adds from San Francisco: The IBM-Hitachi software agreement is part of an out-of-court settlement of an IBM damages suit filed against Hitachi in San Francisco.

In its suit, IBM claimed that Hitachi had made use of illegally obtained IBM documents. Hitachi and several of its executives pleaded guilty to the theft in San Francisco earlier this year.

Full terms of the out-of-court settlement have not been revealed at Hitachi's request, IBM says. Reports that Hitachi paid IBM $300m as part of the settlement are "highly speculative," according to a company spokesman.

The spokesman emphasised that IBM's agreement with Hitachi does not constitute a licence for Hitachi to use or market IBM software and denied a report of continuing negotiations between the companies on further software agreements.

"IBM generally licenses programmes only to end users, except in the case of value added resellers," be added. "No programmes will be made available to Hitachi."

COMMONWEALTH MEETING IN DELHI

Summit questions its world role

BY ROBERT MAUTHNER IN NEW DELHI

THE COMMONWEALTH heads of government start a week-long meeting in New Delhi today in a familiar atmosphere of self-questioning about the purpose and effectiveness of the loosely-knit association of 48 independent states, all of them former British colonies.

In spite of the ringing phases employed by Sir Shridath Ramphal, the Commonwealth Secretary-General, and little more than a week ago by Sir Geoffrey Howe, the British Foreign Secretary, to extol the virtues of the Commonwealth, many of its leaders are dissatisfied with its recent record.

Certainly, they all consider it to be a unique multi-racial grouping in which the voices of the politically and economically weakest members are given equal weight, at least in theory, to those of the strongest. The Comonwealth's lack of a rigid structure and institutions, its open and flexible agendas, the cultural affinities illustrated by a common language, and the informal atmosphere of its meetings are all deemed to endow it with a special personality, unlike that of any other multinational organisation.

But what is considered an advantage by some in practice waters down the Commonwealth's decision-making powers to the point where its influence on world affairs is frequently minimal. The consensus required to ena--- member states to adopt joint positions in other international forums such as the United Nations—an objective dear to the heart of Sir "Sonny" Ramphal—is rarely forthcoming.

The one notable exception in recent years was when the foundations of a joint policy on the independence of Zimbabwe were laid at a Commonwealth Conference in Lusaka in 1979. But as the Commonwealth Secretariat's magazine pointed out in its latest issue, "It (the Commonwealth) has not properly worked out where it goes from there in the international order of things."

In spite of all the good intentions, it seems highly doubtful that the present meeting will mark a real turning point in the political sphere. The Commonwealth has just given one of its most depressing demonstrations of impotence—over the U.S. military intervention in Grenada, itself a member of the family.

With the Caribbean states themselves divided over the problem, the original idea of a Commonwealth peace-keeping force, floated in some Commonwealth circles, has long ago bitten the dust. Britain, for one, is extremely cool on tha subject, in line with the recently expressed official view that "we are not in the business of crisis management."

Sir Geoffrey Howe underlined the cautious British stand in a recent TV interview in which he said that it all depended on what the new Grenadian interim administration really wanted. He did not think that it would ask for troops, but for training and aid.

NOTICE OF REDEMPTION

To the Holders of

Compañía Anónima Nacional Teléfonos de Venezuela

8¼% Guaranteed Sinking Fund Debentures Due 1987

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Fiscal Agency Agreement dated as of December 15, 1972 providing for the above Debentures, $425,000 principal amount of said Debentures bearing the following serial numbers have been selected for redemption on December 15, 1983, through operation of the Sinking Fund, at the principal amount thereof, together with accrued interest thereon to said date:

OUTSTANDING DEBENTURES OF $1,000 EACH OF PREFIX "M" BEARING THE DISTINCTIVE NUMBERS ENDING IN ANY OF THE FOLLOWING TWO DIGITS:

31 65 69 84 85 90

ALSO OUTSTANDING DEBENTURES OF $1,000 EACH OF PREFIX "M" BEARING THE FOLLOWING NUMBERS:

727	2027	3327	5027	6927	8227	10027	10827	12627	14327
897	2227	4827	5727	8027	9127	10427	11627	13227	

On December 15, 1983, the Debentures designated above will become due and payable in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. Said Debentures will be paid, upon presentation and surrender thereof with all coupons appertaining thereto maturing after the redemption date, at the option of the holder either (a) at the corporate trust office of Morgan Guaranty Trust Company of New York, 13th Floor, 30 West Broadway, New York, N.Y. 10015, or (b) at the main offices of any of the following: Morgan Guaranty Trust Company of New York in Brussels, Frankfurt am Main, London, Paris and Zurich; Bank Mees & Hope NV in Amsterdam; Credito Romagnolo S.p.A. in Milan and Rome and Credit Industriel d'Alsace et de Lorraine, S.A. in Luxembourg. Payments at the offices referred to in (b) above will be made by check drawn on a dollar account, or by transfer to a dollar account maintained by the payee with a bank in New York City.

Coupons due December 15, 1983 should be detached and collected in the usual manner.

On and after December 15, 1983 interest shall cease to accrue on the Debentures herein designated for redemption.

Compañía Anónima Nacional Teléfonos de Venezuela

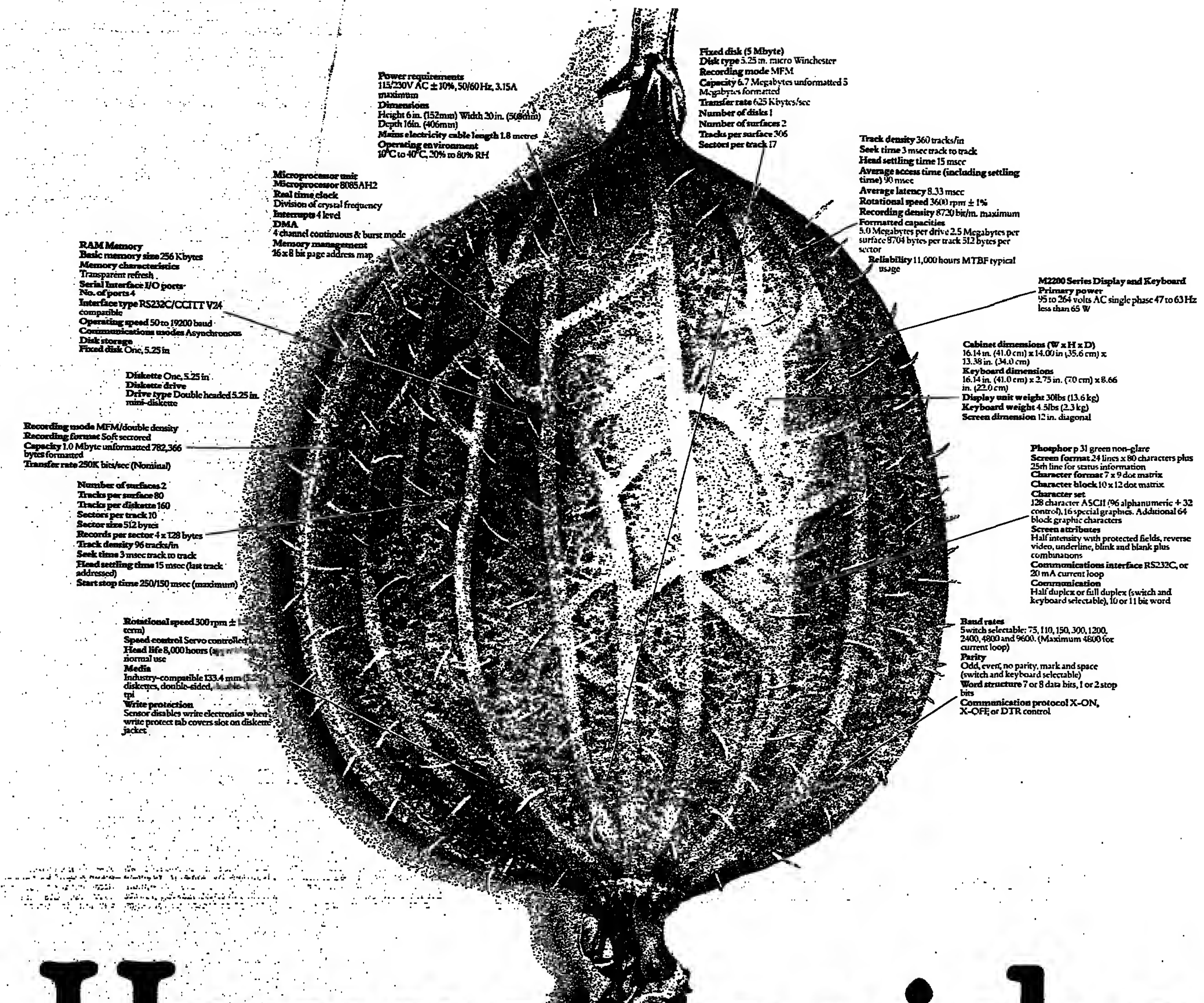
Dated: November 10, 1983

NOTICE

The following Debentures previously called for redemption have not as yet been presented for payment:

DEBENTURES OF $1,000 EACH

M219	571	1273	2719	3494	4322	5047	5386	7984	9079	10294	11451	12334	12528	13115	13271	13979
251	673	1279	2739	3499	4339	5051	5369	7992	9194	10319	11464	12336	12530	13119	13273	13981
294	679	1381	2742	3514	4473	5071	5373	7999	9239	10328	11639	12342	12534	13122	13279	13984
439	714	1392	2819	3519	4519	5073	5428	8015	9339	10366	11694	12347	12539	13128	13293	13999
565	739	1394	2884	3828	4528	5081	5614	8119	9628	10879	11739	12351	12719	13139	13294	14014
571	779	1399	2942	3839	4532	5093	5615	8192	9654	10914	11969	12354	12722	13142	13314	14022
573	794	1414	2984	3842	4542	5094	5979	8194	9684	11365	11973	12365	12728	13179	13315	14028
581	815	1415	3028	3994	4673	5099	6079	8199	9694	11366	11984	12439	12730	13181	13319	14034
584	819	1428	3039	4079	4679	5192	6128	8239	9784	11371	11994	12442	12734	13182	13328	14039
614	1028	1442	3066	4122	4684	5193	6139	8242	9939	11374	12114	12454	12747	13199	13334	14042
622	1115	1473	3068	4139	4694	5194	6142	8378	9979	11381	12122	12466	12751	13214	13379	14454
628	1119	1534	3073	4142	4699	5199	6368	8394	10115	11392	12128	12471	12771	13215	13584	14579
630	1128	1566	3078	4154	4719	5293	6389	8439	10128	11394	12130	12473	12779	13219	13694	14684
634	1130	1873	3084	4166	4728	5294	6419	8499	10173	11399	12134	12479	12781	13222	13739	14694
639	1142	2079	3194	4169	4739	5299	6594	8522	10179	11414	12142	12481	12784	13230	13828	14839
642	1173	2084	3473	4173	4742	5314	6779	8534	10181	11419	12147	12494	12794	13239	13839	14879
647	1239	2094	3479	4179	4786	5315	6879	8539	10184	11422	12151	12499	13084	13242	13842	14884
654	1242	2179	3481	4184	5014	5322	6894	8542	10192	11428	12154	12514	13093	13251	13928	14899
665	1251	2194	3484	4192	5015	5354	7239	8584	10194	11434	12279	12515	13094	13264	13939	
666	1265	2239	3492	4194	5039	5364	7839	8928	10199	11439	12322	12519	13099	13265	13942	
669	1271	2294	3493	4299	5042	5365	7981	8984	10266	11442	12328	12523	13114	13266	13973	



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WORLD TRADE NEWS

ECGD backs $125m credit for Angolan oil development

BY QUENTIN PEEL, AFRICA EDITOR

BRITAIN IS to make available a $125m line of credit for exporters supplying equipment and services to Angola's newest oil field development, in the hope of encouraging greater British participation in the Angolan oil industry.

First details were announced yesterday by Mr Paul Channon, the Trade Minister, at a conference on export opportunities in Angola organised by the London Chamber of Commerce and Industry.

The credit, arranged by Lloyds Bank, will be covered by the Export Credit Guarantee Department, and tied to contracts for the development of the Takula oil field in the Cabinda enclave, north of the Zaire river.

Further credits for British exports to Angola are currently under discussion, and could eventually total some $300m in the next 12 months, according to British officials.

Takula is part of a major expansion programme being undertaken by the Cabinda Gulf Oil Company, in which Gulf Oil and Sonangol, the Angolan state company, are partners. Capital spending over the next three years is expected to total $645m, to increase oil production from Cabinda from 150,000 to 200,000 barrels a day (b/d), according to Sr Antonio Mangueira, deputy director general of Sonangol.

Sr Mangueira outlined other development plans of the Angolan oil industry, which he said is likely to earn some $1.5bn in 1983 — approaching 90 per cent of the country's total export earnings.

They include development of the Palanca and Pacasse offshore fields by a consortium headed by Elf-Aquitaine, due to come into production in 1985, and development of the Kambala and Numbi fields in Cabinda after that date.

Sr Mangueira said Angola was going ahead with construction of a fabrication yard for jackets and decks at Ambriz, north of Luanda, involving Bouygues and EPTM of France.

Hong Kong revives plan for electric railway

BY ROBERT COTTRELL IN HONG KONG

THE HONG KONG Government has revived plans to build an electric railway in the north-west corner of the territory. Provisional estimates suggest that the full 34-km system could cost around HK$2bn (£174m) at 1983 prices, though the initial commitment may be to a smaller first phase costing around HK$1bn.

The decision in principle to build the railway, which would connect the town of Tuen Mun with surrounding regions was first taken four years ago. The Government then began negotiations with the Hong Kong and Kowloon Wharf and Godown Company, a publicly-quoted company which was expected to become the railway's owner-operator. Negotiations broke down at the beginning of the current year, with the two sides unable to agree terms.

The Government has now asked the Kowloon Canton Railway Corporation (KCRC) to consider taking on the Tuen Mun Light Railway (TMLR) project. The KCRC is wholly-owned by the Government, but runs its affairs autonomously.

The Government has also asked seven consortia which previously tendered to build the TMLR to submit enlarged proposals covering construction and a financing package for the system. While the KCRC would assume the project's debt, the winning consortium would have to line up willing lenders.

Mr Alan Scott, the Transport Secretary, said that the KCRC was the Government's choice to head the project because it already operates an electric railway linking Kowloon with the New Territories, and because it is in an appropriate financial position. It has completed capital expenditure on its existing rail network, and is now building up a positive cash-flow.

EEC aims to overhaul shipyard aid policies

By Andrew Fisher, Shipping Correspondent

EEC officials are working on an overhaul of shipbuilding aid policies, aimed chiefly at increasing yards' efficiency through new investment rather than simply subsidising to match the price gap with the cheaper Far East.

This new emphasis, still to be fully agreed by member states, would be embodied in the sixth directive on the industry, to come into effect in 1985.

The intentions of the revised policy were outlined yesterday in London by Mr Theodor Van Rhijn, deputy director general for internal market and industrial affairs in the Commission.

"Existing capacity in the Community is still too high—considerably too high," he said at a conference organised by Tyne and Wear County Council to draw attention to the plight of the loss-making UK industry. Further cuts would be needed.

Governments might have to accept a temporarily higher level of aid for shipbuilding to launch investment in new computer and other techniques.

He criticised Japan for hanging on to the major share of the market and Korea for continuing to expand during the industry's crisis.

The size of the Japanese market share — it obtained 55 per cent of all new orders placed in the first half of 1983—will be raised at next week's Tokyo meeting of the Organisation for Economic Co-operation and Development (OECD) working party on the industry. Korea is not an OECD member.

Mr Van Rhijn said special home credit schemes to persuade Community shipowners to place orders at EEC yards could, if agreed, also be a key element of a revised shipbuilding policy.

No EEC owner had placed an order with a yard in another member country this year, he said.

He also said that the share of EEC yards in world orders had fallen from nearly 20 per cent to just over 10 per cent in the past two years. The industry would not return to previous market share levels.

Anthony Moreton reports on wool's strengths and weaknesses in a diminishing market

New wool chief has a fight on his hands

Mr McPhee: seven years to stop the decline

THE ANNOUNCEMENT that Dr John McPhee is to succeed Dr Gerry Laxer in January as managing director of the International Wool Secretariat comes at a time when the IWS is conducting a soul-searching reappraisal of its role.

Wool is a minor fibre in world terms, accounting for no more than 6 per cent of all the fibres used. But even this is a serious drop compared with the late 1960s when it took 9-10 per cent. And the indications are that wool's share will shrink further.

Yet wool is a fibre people automatically think of as "nice" or "acceptable" and in the Woolmark, introduced by the IWS in 1964, it has one of the best marketing symbols in the world—licensed to nearly 16,000 companies in 60 countries. More than 35m pullovers, suits and so on are produced every month bearing the Woolmark label, denoting a garment made of pure new wool.

Dr McPhee, therefore, takes office at a difficult time but with a strong product. He knows, too, that he has just seven years to stop the decline before he, automatically, has to retire at the age of 60.

"Although wool still has its traditional position as the most desirable fibre, there is an enormous challenge to us from the synthetic fibres," he says. "The problem is that our margins are under tremendous pressure and our need is to try and reverse the downward market share at the same time as we must try and get the price of wool up in order to give our backers a fair return."

The IWS was set up in 1937 by the sheep farmers of Australia, New Zealand and South Africa and later was joined by Uruguay, to provide a marketing outlet for their wool. Although the growers are all southern-hemisphere-based, the IWS deliberately sited its headquarters in London to be near the leading world markets.

These are now the U.S., Japan, West Germany, Britain, France, Italy, Canada other European markets and some Middle Eastern countries. Over three-quarters of all the wool is consumed in these markets.

Dr McPhee's appointment reverts to the tradition that the managing director is an Australian, though he denies there is any bias in this direction. However, the Australian Wool Corporation meets some 65 per cent of the IWS budget and Dr Laxer, a Brooklyn-born New Yorker, created a precedent when he became the only non-Australian to sit in the MD's chair facing the Foreign Secretary's residence in Carlton House Gardens.

Dr McPhee sees the future depending very much on moving into new markets. "We have traditionally been associated with men's suits and women's coats, the safe, sensible lines. But young people, the ones who have the money to spare, are increasingly wearing leisure clothes.

"What we have to do is convince them that when they talk about leisure-wear they think wool. They do not automatically have to buy cottons or synthetic fibres.

"We have, frankly, missed the boat in this market. So we will have to get closer to the consumer. We have one great advantage at this time. In a recession, people want not just fashionable clothes but also clothes that will last. They become more price- and quality-conscious. We are ideally placed to meet those needs."

Since Dr McPhee does not see any boom in sales of clothes, he accepts that wool will have to fight for a larger share of a smaller market. "It is clear that real consumer spending will grow more slowly in future than it did in the 1960s and the early 1970s. And spending on clothing will grow more slowly than total spending. This means that clothing's share of total consumer spending will continue to decline gradually although in absolute terms spending on clothing will rise.

"Therefore, we shall have to pitch ourselves, in the first instance, at consumers in the affluent industrialised markets of Western Europe, North America and Japan."

He does not dismiss other countries. Taiwan and South Korea and areas such as the Middle East, where wool has done well, continue to have potential.

Dr McPhee was born in Melbourne in 1930 and after taking a degree at the university arrived in Oxford in the autumn of 1952. He graduated with a post-graduate doctorate in protein chemistry in 1954.

That year he returned to Geelong, to the Commonwealth Industrial and Scientific Research Organisation, Australia's leading wool research centre, intending to pursue a career in academic research.

By 1966, with a reputation established in Australia, he was invited back to Britain to head the IWS's newly set-up Technical Centre at Ilkley. From there he moved to London in 1976 as director of planning, becoming deputy managing director two years later.

Dunkel names Gatt panel to study trade problems

BY ANTHONY McDERMOTT IN GENEVA

MR ARTHUR DUNKEL, the director-general of Gatt, yesterday announced formation of a seven-member panel to study and report directly to himself, on "the problems affecting the international trading system and . . . how these may be overcome during the remainder of the 1980s."

The announcement came on the second day of the annual session of the Contracting Parties to the General Agreement on Tariffs and Trade.

The panel, to be given a free hand in seeking information consists of; Senator Bill Bradley of the U.S.; Mr Pehr Gyllenhammer, the chairman of Volvo of Sweden; Dr Guy Ladreit de Lacharriere of France, currently a judge at the International Court of Justice at The Hague; Dr Fritz Leutwiler, president of the Bank for International Settlements; Dr Indraprasad Patel, director designate of the London School of Economics; Prof Mario Simonsen, a former Brazilian finance minister; and Dr Sumitro Djojohadikusumo, a former finance minister of Indonesia.

The need to form the panel reflects Mr Dunkel's worries about the ability of Gatt's 90 member nations to adhere to the organisation's free trade principles, under the pressure from the global recession and the trends towards bilateralism and protectionism. Said one delegate: "You would not have to be a wise man to see what is wrong with the system".

It will not be funded by Gatt, and a spokesman was unable to say where the money would come from. Its first meeting is to take place in Geneva early next year and its report is to be delivered "in a year or so".

Yesterday's meetings were devoted to a broad review of the two-year work programme of sector studies set up by the 1982 annual meeting held at ministerial level.

Dutch to seek renegotiation of gas deals

By Walter Ellis in Amsterdam

THE NETHERLANDS is to seek renegotiation of its export contracts for natural gas following a 25 per cent upwards re-evaluation of the country's total gas reserves. At present the external customers for Dutch gas are West Germany, Belgium, France and Italy, and the Government in The Hague is now keen to extend contracts with all four in a bid to increase revenue.

The Netherlands is hoping that greater amounts can now be sold to consumer countries.

A year ago, the idea of increased exports was frowned upon. Reserves were felt to be strictly limited and conservation was held the supreme virtue.

Reserves have now been extended by 440bn cubic metres, to a new total of 2,300bn cubic metres.

At the present rate of extraction, this would give the Netherlands another 12 years' worth of supplies.

French bank agrees joint China leasing venture

BY DAVID MARSH IN PARIS

SOCIETE GENERALE, France's third largest nationalised bank, has agreed a joint venture with the Bank of China to set up a leasing company in Hong Kong.

The new institution, Trilease International, will carry out leasing deals in China itself in areas like plant and equipment financing. Owned 40 per cent each by the Bank of China and Societe Generale and 20 per cent by the Bank of East Asia, a major Chinese bank based in Hong Kong, Trilease represents the first foreign partnership deal undertaken by the Bank of China.

The company has a capital of $1.3m. The leasing operation will principally cover goods exported from France and the rest of the EEC.

AP adds from Peking: Societe Generale has signed an agreement to carry out financial and technical studies for developing a Chinese coal field. Bank chairman M Jacques Mayoux said: Societe Generale could eventually form a financial and industrial corporation to help develop the field near Shenmu, in northern Shaanxi province near Inner Mongolia.

Skoda unveils new model

BY LESLIE COLITT IN BERLIN

THE CURRENT model of Czechoslovakia's Skoda car is to be replaced with several new front-wheel drive models which it is hoped will increase the car's share of western markets.

Czechoslovak press reports said the new Skoda will be of local design and construction and not a licensed product. Skoda's new light trucks and vans are to be produced in co-operation with Renault.

Kennedy – a day of nostalgia for a lost national dream

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

AMERICANS yesterday remembered President John F. Kennedy, on the twentieth anniversary of his assassination, in an emotional but subdued mood of national nostalgia.

The Kennedy clan gathered in Washington for a memorial service attended by President Ronald Reagan, who called the assassination "one of the most tragic episodes in our nation's history."

But most commemorations around the country – including a ceremony one block from the assassination site in Dallas – were modest and low-key.

For the past few days, tributes and appraisements of his presidency have been pouring forth from American radios, televisions and newspapers. Some have been idolatrous, others distinctly unfavourable.

While Kennedy's role as a near-mythical hero in the nation's collective consciousness is universally acknowledged, many have pointed out that his oratory was greater than his achievements.

In his favour, his admirers are recalling his successful challenge to the Soviet Union in the 1962 Cuban missile crisis, the negotiation of tha Nuclear Test Ban Treaty of 1963, his support for West Germany over Berlin, his commitment to civil rights, the foundation of the Peace Corps and the launching of the Apollo space programme.

Against that are cited dishonesty in his personal life – examplified by his notorious adultery – the Bay of Pigs fiasco and the initial involvement in Vietnam, which few remember, occured in his presidency.

Everyone agrees, however, that a little bit of America died with him as a result of Lee Harvey Oswald's bullet.

The subsequent full-scale Vietnam war and the disgrace of the office of the presidency under Mr Richard Nixon have only served to burnish the image of the Kennedy era as a time of youthfulness, energy, self-confidence and even innocence.

In a poll conducted by Newsweek magazine this week, he emerged as by far the nation's favourite president.

Asked to name the president they would like to see in the White House today, out of all past presidents, 30 per cent said Kennedy.

Franklin D. Roosevelt came a distant second in the poll with 10 per cent, Abraham Lincoln scored 5 per cent and George Washington, 1 per cent.

A pupil at a Dallas school, born long after Kennedy's death, won the anniversary essay contest with the judgment that what counted most "was not the tangible progress Kennedy made, but his intangible appeal to the hopes and dreams of people."

● Mr Peter Walker, the Energy Secretary, appealed in London last night to the spirit of the Kennedy brothers to inspire the new political generation.

Delivering the Kennedy Memorial lecture at the Oxford Union on the 20th anniversary of the assassination of President Kennedy. Mr Walker argued that the Kennedy legacy was still relevant today.

His language was that of social and international concern not fashionable with Mrs Thatcher and her associates.

Mr Walker argued that the Kennedy brothers recognised that "social improvements could only be obtained through economic growth – that governments had a special duty to minorities who did not possess the political clout to enable them to exert much influence on the system."

IADB to boost borrowing by $1.4bn

By Peter Montagnon in London

THE INTER-AMERICAN Development Bank is to boost its borrowing on world capital markets to about $1.75bn next year after borrowing between $1.4bn and $1.5bn in 1983, according to Mr Henry Costanzo, the bank's Finance Manager.

He told bankers in London that this would necessitate a diversification of borrowing sources, including greater concentration on the Eurobond market, instead of the foreign sectors of national bond markets which the bank has favoured in the past.

The higher borrowing will be used to finance an increased lending programme in keeping with the 75 per cent increase in the bank's capital that is to be phased in over the next three years. Outstanding debt is currently about $4.5bn.

The Inter-American Bank will shortly launch a "substantial" issue on the New York bond market now that the prices of existing issues in that market have stabilised following a period of weakness as a result of the Latin American debt crisis.

By the end of 1986, the bank plans to have redeemed all its debt issued before 1975. This will allow it to merge its ordinary capital with the separate regional capital set up when European countries and Japan joined the Bank in the mid-1970s. A "manageable amount" of this debt will have to be redeemed early to meet this need, Mr Costanzo said.

Incoming President must tread carefully writes **Jimmy Burns** in Buenos Aires

Radicals prepare to take on Argentina's military

Sr Alfonsin (right), in donkey jacket and bare feet, greets Gen. Piotti

AFTER the euphoria of their election win last month Argentina's Radicals, led by Sr Raul Alfonsin are looking ruffled by the prospect of government—like men who have covered distances across a wide open field only to get entangled in the bushes of an overgrown forest.

Nowhere is this more deeply felt than among the group of Alfonsin aides charged with the particularly thorny issue of military reform.

The armed forces have dominated the destiny of Argentina for most of the country's history. In the last 50 years, only two elected presidents have managed to survive their term in office without being thrown out by a military coup, and both of them happened to be generals. In the seven years since the last military coup in 1976, Argentina has become one of the most militarised societies in the world.

"We must make sure that the armed forces leave government, but also that they never return," Sr Alfonsin proclaimed before the election. The convincing majority won by the Radicals, coupled with the low prestige of the still deeply-divided military, gives such rhetoric a degree of credibility. Within days of his election, Sr Alfonsin felt assured enough to receive three of the highest-ranking officers, including General Mario Piotti, army general secretary, in a donkey jacket and bare feet.

But despite public shows of confidence, Radicals are tackling the military problem with great caution, reflecting the difficulties of finding a solution which will not backfire on the democratic system which Sr Alfonsin is hoping to consolidate.

"We may have the votes, but the military's still got the arms. We are like Davids taking on Goliath," one Radical confessed last week.

Argentina has developed an extremely top heavy command structure. At the top is the all-powerful Junta of service chiefs with a supporting cast of over a hundred generals, admirals and brigadiers, and over a thousand retired and middle ranking officers who have manoeuvred their way into every area of society. Over the past seven years officers have controlled ministries, sat on the boards of every major state company (including banks), directed the television networks, and even programmed the national ballet.

The state security police, with thousands of agents, has developed into a virtual state within the state, with arbitrary powers of control and repression, and independent sources of income, including private "detective" services offered at hoge cost to civilian businesses.

The Radcals propose to scrap the Junta and invoke the incoming President's constitutional right to be sole commander of the armed forces. Beneath Sr Alfonsin there will be a greatly renforced civilian Ministry of Defence with powers of control over promotions, troop deployments and military budgets.

While there is general agreement that officers should be removed from any strictly non-military job, Sr Alfonsin has yet to decide whether to send the entire military high command into forced retirement or to opt instead for rather more minor surgery, concentrating on cuttiog back new promotions.

The Radicals have, however, publicly promised a major shake-out of the security forces, which they hold responsible for many of the human rights violations committed in recent years.

Army, naval and airforce intelligence, which have developed into virtually autonomous entities, are expected to have their budgets sharply cut and their activities controlled by the President working through a civilian Ministry of the Interior. The Ministry will also take full charge of the police force, which is currently run by an army general.

As part of the incoming Governmant's plans to make the armed forces more professional, the oumber of troops is expected to be eventually cut by about 100,000 men. The armed forces at present are made up of 90,000 conscripts and 70,000 professionals.

The Radicals may also reduce the one-year obligatory military service for all 18-year-old males. The system has failed to mould the conscript army into an effective fighting force, as was only too clearly demonstrated during the Falklands War.

Of the 12 months of national service, only three are actually devoted to any military drill. For the rest of the time conscripts are assigned to an officer and ordered to carry out menial tasks

Other "perks" enjoyed by senior officers include duty free goods, preferential mortgages, heavily subsidised supermarket chains, and luxurious sports clubs, a division general, of which there are 10, earns as much as a Cabinet minister and remains on full pay once retired, and the salaries down the military hierarchy have in recent years been considerably more inflation - proofed than those of many other Argentine professionals.

The Radicals aim to reduce many of the more excessive perks. But the main cost-cutting is expected to focus on arms spending and the military's wasteful involvement in Argentine industry and much of its infrastructure.

The Radicals have publicly announced their intention of reducing defence spending from 5 per cent of GDP to 2 per cent, its lowest level in more than 15 years. Radical officials, however, privately admit that the achievement of such a target will depend on defusing traditional areas of territorial tension such as the Beagle Channel and the Falklands which have been used by the outgoing military authorities as the justification for an estimated $10bn (£6.84bn) worth of arms purchases in the past seven years.

Grenada to close Libya's embassy

BY CANUTE JAMES IN KINGSTON, JAMAICA

THE DECISION of Sir Paul Scoon, Governor-General of Grenada, to ask Libya to close its embassy in the island underlines concern felt by the leaders of some of the neighbouring islands over Libyan attempts to gain influence in the Caribbean.

Sir Paul made his request in the wake of last month's U.S. led invasion. The governments of Dominica and St Lucia are worried by recent Libyan efforts to attract young supporters of left-wing opposition parties, ostensibly by offering higher education.

The leaders claimed that the education was more political than they were led to believe, and that the Caribbean visitors were being given military training in special camps.

Recently Mr John Compton, Prime Minister of St Lucia, ordered the confiscation of the passports of 14 young St Lucians just before they were due to leave for Libya.

The opposition party, of which the 14 are members, argued that there was nothing sinister in the visit. Mr Compton, however, charged that they were to be trained in "terrorism and sabotage."

The Prime Minister said the intelligence service of a "friendly" country had informed his Government as long ago as October of last year about Libyan activities in the Caribbean.

"Instructions had been issued through the Libyan embassy in Mexico to provide tickets to Libya for 100 persons from the Caribbean, 28 of whom were to come from St Lucia," Mr Compton said.

"The purposes for which these people were recruited has been confirmed by 15 Dominican returnees who were similarly lured to Libya on false promises of student scholarships, only to find themselves confined to terrorist training camps."

Miss Eugenia Charles, Prime Minister of Dominica, had said earlier that the 15 who had returned were part of a group of 28 young Dominicans who had gone to Libya to study medicine and science. They returned home after they were "... put into camps like little soldiers," the Prime Minister said.

Miss Charles has reason to have been worried. Her Government has been the subject of two coup plots – one domestic the other foreign – in the past three years.

Sharp rise in U.S. corporate profits

By Stewart Fleming in Washington

U.S. CORPORATE profitability continued to rise strongly in the third quarter, the Commerce Department reported yesterday.

After surging 19.8 per cent in the second quarter to an annual rate of $203.3bn, third quarter pre-tax earnings increased to $227.2bn.

Compared with the third quarter of 1982, when the recession was bottoming out, corporate pre-tax profits are 28 per cent higher.

The main factor behind the rise in profitability has been the resumption of economic growth. The Commerce Department yesterday revised its estimate of third quarter growth in real gross national product down slightly from an annual rate of 7.9 per cent to an annual rate of 7.7 per cent.

Most economists are predicting another sharp rise in output in the fourth quarter at an annual rate of around 6 per cent.

As a result, share analysts are already expecting continued strong gains in corporate earnings.

The strong gains in corporate profits are seen as an important factor which will help to sustain the economic expansion into 1984, since they are increasing the capacity of companies to finance capital expenditure from internally generated funds.

Not only will this help broaden the base from which the economy is expanding by increasing demand for capital equipment, it will also reduce corporate borrowing requirements. This should postpone the point at which rising private borrowing and heavy government borrowing might begin to put upward pressure on interest rates.

Businesses in Mexico get $100m loan

By William Chislett in Mexico City

THE INTERNATIONAL Finance Corporation (IFC), the World Bank affiliate which lends to the private sector in developing countries, has agreed a $100m credit for Mexican businesses.

The loan, $34m provided by the IFC and the rest by Bank of America and Morgan Guaranty Trust Company, is the first new voluntary commercial loan to Mexico since international banks were told by the International Monetary Fund early this year to make available $5bn to Mexico to complement a debt crisis rescue package.

Officials from the IFC, which has committed over $500m to Mexico, said the loan for imports was a sign that confidence was returning to the country.

UK NEWS

Greenpeace ordered to halt Sellafield action

BY DAVID FISHLOCK, SCIENCE EDITOR

BRITISH Nuclear Fuels (BNFL) obtained a High Court injunction in London yesterday to prevent the environmental group Greenpeace from interfering with the pipelines which discharge effluent into the Irish Sea from its Sellafield (formerly Windscale) factory.

Greenpeace had earlier said it would block the pipes which extend for 1.5 miles out to sea. The three pipes discharge very low-level radioactive effluent from the reprocessing operations of Sellafield, which is on the Cumbrian coast in north-west England.

The pipes discharge at a depth of 15m to 18m, depending on tidal conditions, and through more than one outlet from each pipe. Mr Roy Pilling, BNFL director responsible for the Sellafield factory, said last night that, viewed as an engineering task, blocking the pipes "can't be all that easy."

Greenpeace – which alleges that BNFL is discharging "huge quantities" of radioactive waste through the pipes – sent down divers yesterday to try to find the end of the largest pipe.

Mr Pilling said any further action BNFL took to safeguard its plant operations would depend on Greenpeace's response to the court order.

Three simultaneous inquiries are taking place into the contamination of 200 yards of beach by radioactive solvent, which was washed from the reprocessing plant during the annual shutdown for maintenance.

On Monday, the Government announced an inquiry by inspectors from the Department of the Environment. In addition, inquiries are being made by the Nuclear Installations Inspectorate and by BNFL.

The company believes the contamination occurred through a combination of the discharge of rather more solvent than usual and calm weather in the Irish Sea, which prevented rapid dispersal.

The company is completing investments totalling about £90m in new effluent treatment systems designed to reduce radioactive discharges into the sea.

The main investment is in a plant called the site ion exchange effluent plant, expected to be on stream next autumn at a cost of about £80m.

A further £10m is being spent on reducing actinide discharges by a factor of about five. Such discharges have already been reduced by a factor of five since the mid-1970s, Mr Pilling said.

Hongkong Bank to restructure Gibbs

BY DAVID LASCELLES

HONGKONG and Shanghai Bank is planning a major relaunch, complete with new name and fresh capital, of Antony Gibbs, the troubled London merchant bank it bought three years ago.

The operation is designed to expunge once and for all memories of Gibbs' loss-plagued past and give it the resources to go aggressively after new business. The Hongkong Bank is also moving Gibbs to larger headquarters in the City of London, and hunting for a new chief executive.

Most dramatic is the decision to change Gibbs' name, one of the oddest in the City, where it has done business since 1808. From December 12, the bank will be called Wardley, the name under which the Hongkong Bank's other merchant banking activities operate.

Although the change will be presented as a move to standardise names within the group, the Gibbs name had clearly become a liability rather than an asset.

The Hongkong Bank will also more than double Gibbs' capital with an infusion of £22m. Gibbs' existing capital is £18m, most of which represents resources the Hongkong bank has already invested in it.

A permanent new chief executive is being sought to replace Mr David MacDonald who resigned earlier this year over policy disagreements. At the moment the bank is being run by an acting chief executive from Hong Kong, Mr Ewan Launder.

Mr Tom Welsh, chairman, said yesterday that the bank had been restructured to concentrate on key areas, including capital markets, trade finance, medium term corporate lending, and corporate finance.

The Hongkong Bank bought 40 per cent of Gibbs in 1973 and raised this stake to 100 per cent in 1980, in a deal valuing Gibbs at £17.5m. But foreign ownership earned Gibbs a much-publicised expulsion from the influential London Accepting Houses Committee.

Gibbs was badly hit by the banking crises of the 1970s, and remained a weak performer, reporting a £1m loss in 1981. Last year it transformed this into a £3.5m profit. While the Hongkong Bank doubts that this will be repeated this year, it believes the worst is past.

Shake-up for UK tourist industry

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

A SHAKE UP of Britain's £8.5bn a year tourism industry was announced last night. The British Tourist Authority (BTA), responsible for marketing Britain overseas, and the English Tourist Board (ETB) are effectively to be merged.

Mr Norman Lamont, Minister of State for Industry, said a private equity fund would be set up early next year. This would be financed by institutions in the City of London and provide capital investment for major tourism-related projects.

Although the two tourist boards are not being formally merged – that may follow at a later date – they will share common offices, facilities, and a new joint part-time chairman.

He is Mr Duncan Bluck, at present chairman of Cathay Pacific Airways and of the Hong Kong Tourist Association. Mr Bluck, 56, will become chairman of the BTA from next April, replacing Sir Henry Marking who has been part-time chairman for the past seven years.

Mr Bluck will also become chairman of the ETB in February 1985 when the present chairman, Mr Michael Montague, finishes his term of office.

Mr Lamont last night described Mr Bluck as "a tough businessman able to merge these two organisations and to achieve the economies we want." He added that there was considerable over lap between the two organisations which had proved wasteful.

Savings from merging the two boards' common facilities are estimated at up to £500,000, although Mr Lamont was yesterday unable to give any indication of how many of the several hundred jobs involved might be lost.

The shake-up follows an internal review at the Department of Trade and Industry which started in July of last year. As a result of this, the BTA will be told to concentrate its activities solely on promoting Britain overseas.

This will include more promotion of London as a tourist centre as well as ensuring that Wales and Scotland get their full share of overseas promotion.

Sir Henry Marking said last night: "To have one chairman of both boards is the right solution." It was a suggestion that he had made to Mr Lamont last August. Sir Henry expects to become more fully involved with his work at Carreras Rothmans, where he is chairman.

Mr Michael Montague welcomed Mr Lamont's statement as providing "ultimately an even better tourist service for the travelling public."

Industry plea over Brazil credit

BY ANDREW TAYLOR

A FAILURE by Britain to participate in the $2.5bn IMF, World Bank export credit package for Brazil would be disastrous for British companies trading in that country, the Brazilian Chamber of Commerce said last night.

The London-based organisation represents almost 500 British companies which either export to, or have subsidiaries in, Brazil. Members include Lloyds Bank International, ICI, Glaxo, Davy Corporation, Wiggins Teape and Coats Patons.

The chamber is concerned that the Government may be sticking to its decision not to support the export credit package. "If this is the case, it could seriously damage British trade with Brazil," Mr John McMeeken secretary of the chamber of commerce said last night.

"If British companies are unable to arrange credit terms comparable with those being offered by international competitors then orders will be lost and business will suffer."

The Export Credits Guarantee Department stopped taking on any new medium or long-term business involving Brazil, two months ago. However, sacking is still being provided for short-term business.

British trade with Brazil has suffered during the financial crisis, although the decline in exports has not been as steep as might have been expected. British companies, however, account for only about 1 per cent of Brazilian imports.

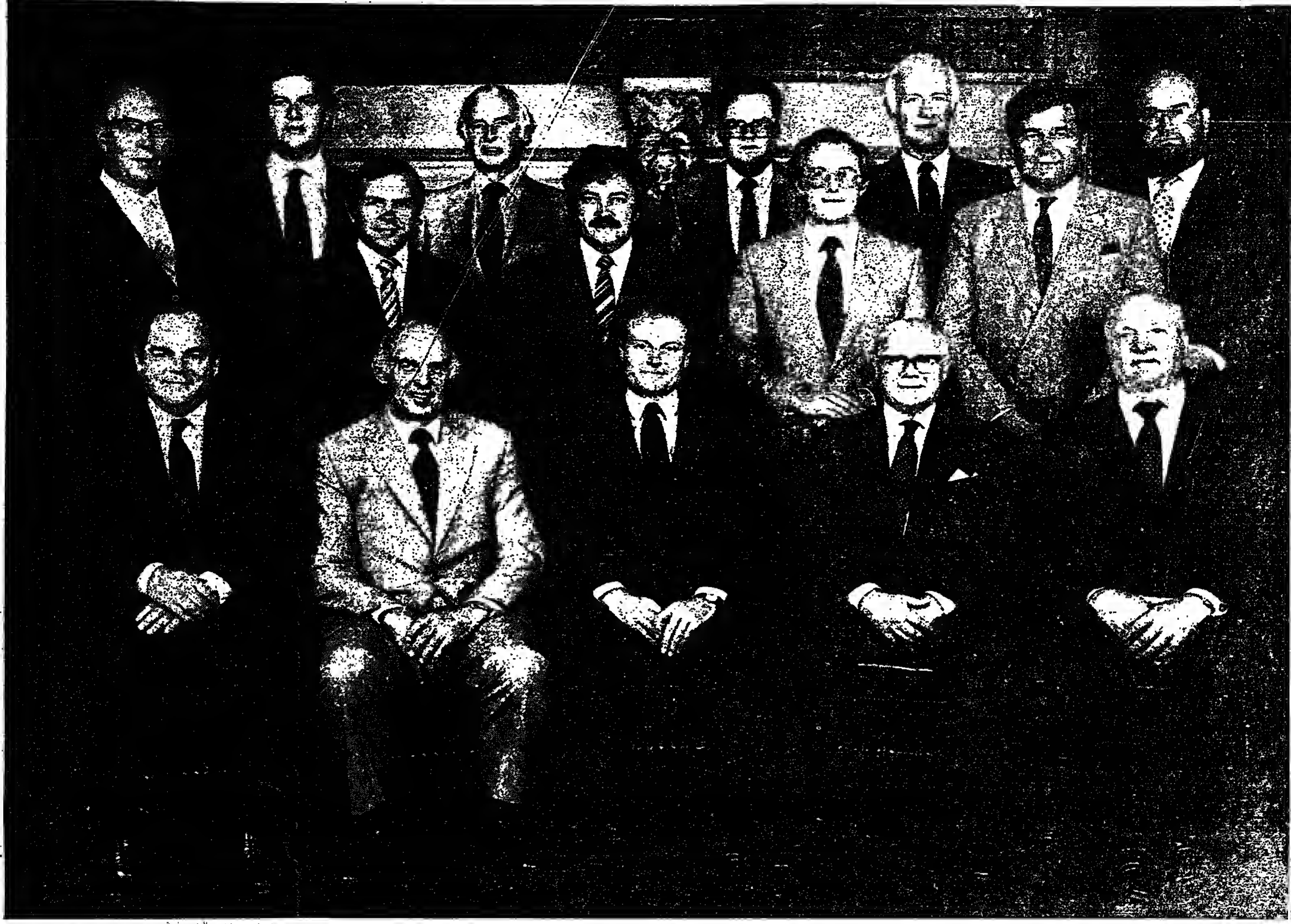
"It is important that the British Government should be involved if we are to improve our relationship with Brazil and to underline the importance we attach to South American markets," said a company spokesman.

Mr McMeeken of the Brazilian Chamber of Commerce added: "I think the Government would be wrong to turn its back on a market which is the eighth largest economy in the world, has as population of 125m and which in the 10 years to 1980 achieved annual growth rates in Gross Domestic Product ranging from 4.8 per cent to 14 per cent."

Coats Patons has a wholly-owned subsidiary operating in Brazil manufacturing thread for the domestic market and the garment industry. At one stage the Brazilian operation was providing about 15 per cent of the British company's profits but this is thought to have fallen sharply in recent years.

In the first nine months of this year British exports to Brazil declined to £105.7m compared with £117m in the first nine months of 1982. Over the same period Brazilian exports to Britain rose from £351m to £432m.

THE ENTREPRENEURS



Photograph by David Montgomery

These are uncommon men, with this in common: they are all entrepreneurs who formed or bought their own companies, and Citicorp Development Capital (CDC) helped provide the venture capital they needed.

1. ROBERT BREARE, Chairman and Chief Executive, Intercommunications Ltd.
Newspaper publishing group created in 1982 through the management buy-out of a family business, 170 employees in 8 locations. Turnover £4.8 million.

2. FRANK COLE, non-executive Chairman, Franklin Medical.

3. GRAHAM JOHNSON, Managing Director, Franklin Medical.
The company manufactures and distributes disposable plastic medical products for urology, ostomy and anaesthesia. 105 employees. Turnover £3 million.

4. MIKE MARTIN, Technical Director, Airborne Industries Ltd.
Management buy-out, 1981. The company is a specialist in the defence industry supplying inflatable products, parachutists training balloon systems, water tanks, camouflage nets and equipment covers. 100 employees. Turnover £1.6 million.

5. CLIVE GREGORY, Chief Executive, Halls Homes and Gardens.
Management buy-out, 1982. Halls pioneered High Street multiple distribution of DIY aluminium greenhouses. Also manufactures timber garden buildings and conservatories. 228 employees. Turnover £12 million.

6. JIM EVANS, Executive Chairman, Bytex Holdings Ltd.
The company designs, manufactures, installs and operates closed circuit pay-TV systems, mainly in hotels. 30 employees.

7. DAVID GARE, Managing Director, Instem Computer Systems Ltd.
A management buy-out from Kratos Inc, its US parent. The company manufactures computer based data acquisition monitoring and control equipment. 100 employees. Turnover £4 million.

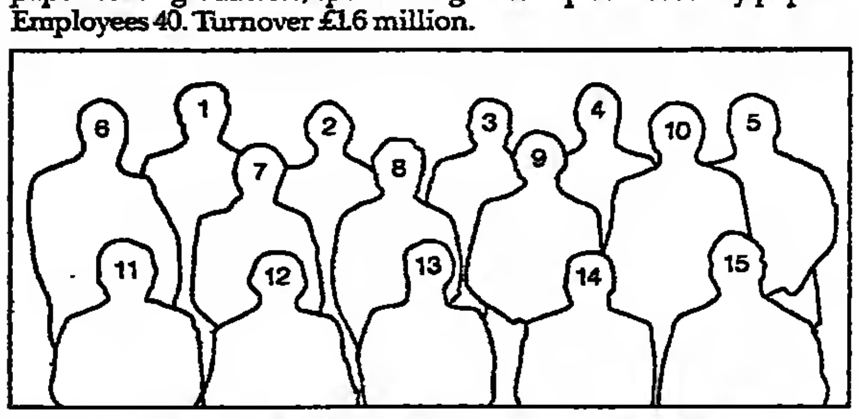
8. VERNON ETHERINGTON, Managing Director, Combro Ltd.
An IBM hardware broker. The company has recently acquired Baker Electronics plc, a manufacturer of power distribution products. 70 employees. Turnover £5 million.

9. TONY DAVIES, Chief Executive, Information Technology Ltd.
The company was established to provide computer based systems for business administration and office automation with an emphasis on improving "white collar" productivity. 500 employees. Turnover £18 million.

10. LAMONT PARK, Chairman and Managing Director, Isis Industrial Services plc.
The business was formed to acquire a number of companies from United Dominion Trust Ltd in one of the major management buy-outs of 1981. It is involved in construction; the design and fabrication of architectural metalwork; hire of construction equipment and fork lift trucks; distribution of compressed air equipment; property management and development. 900 employees. Turnover £48 million.

11. MIKE DENT, Managing Director, Mangers Holdings Ltd.
A management buy-out from Grimshawe Holdings in 1981. The company manufacturers and distributes a range of DIY products, including Mangers Sugar Soap and Protex. Employees 42. Turnover £3.5 million.

12. PETER STUBBS, Chairman and Chief Executive, Coated Papers Ltd.
A management buy-out from the Inveresk Group. A high quality paper coating business, specialising in stamp and security papers. Employees 40. Turnover £1.6 million.



13. KEITH NESS, Managing Director, Hornby Hobbies.

14. G. JACK STROWGER C.B.E., Chairman and Chief Executive, Hornby Hobbies.
A management buy-out in 1980 from the Dunbee Combex Marx Group, then in receivership. The company manufactures model railways, and model racing cars under the Scalextric brand name. 590 employees. Turnover £11 million.

15. BRIAN TAYLOR, Chief Executive, Wardle-Storeys Ltd.
A management buy-out from NCC Energy plc in 1982, the company manufactures PVC products. More recently it acquired Storeys Industrial Products, a major competitor. 1250 employees. Turnover £40 million.

> "Senior CDC executives give the impression they are professionals in a rather amateurish market. Their 'modus operandi' is based on the phenomenally successful venture capital offshoot of the mighty Citibank."
>
> *Financial Weekly, April 15 1983.*

Are you an entrepreneur? Here are some things you should know about Citicorp Development Capital (CDC).

* Since starting up in the UK three years ago, we have invested in over 20 companies which now have a total annual turnover of over £180 million.

* We undertake two main types of venture capital financing: **"Replacement Capital"** to buy out existing shareholders and substitute a new capital structure. This includes management buy-outs; acquisitions and mergers; and making a public company private. **"Expansion Capital"** to finance the further development of a successful company, particularly during the early phases of accelerating growth.

* We are planning to invest over £100 million in venture capital in Europe in the coming years.

* We look only for a minority equity holding, because we believe that the operating management should be incentivised by substantial equity ownership.

* We are more interested in the future cash flow potential of a company, and attach less importance to the "borrowing base," often called "security." Our aim is to invest in companies which will become successful.

* Unlike more traditional sources of finance, we are attracted to a business by the management's abilities and its market potential, not purely by financial considerations.

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TECHNOLOGY

EDITED BY ALAN CANE

BATTLE FOR THE LEAD IN COMPUTER MEMORIES TAKES A NEW TURN

Stakes grow in memory war

BY LOUISE KEHOE IN SAN MATEO, CALIFORNIA

RAMS (RANDOM ACCESS MEMORIES) have long been the ammunition for the trade battle between U.S. and Japanese semiconductor makers.

Now the stakes, and the rams, are getting bigger. Though 64K ram sales are not expected to peak until 1985, next geoeration, 256K rams are alreedy the subject of much competitive rhetoric between the two countries' chip makers.

By 1888, sales of 256K rams are predicted to total $2.5bn. That is roughly double the anticipated peak in 64K ram sales.

The 256K ram is as yet no more than a curiosity to most electronic equipment makers.

Some parts have been sampled and a couple of companies—Western Electric in the U.S. and Fujitsu in Japan—are producing enough 256K rams for use in production.

It is already clear, however, that the 256K chips will take over from 64K rams as standard parts much earlier than most industry analysts had expected.

In part, this acceleratioo of the developmeot process has been brought about by the industry wide recession of the past two years. With profits on standard devices—in particular the 64K ram—decimated by price competition.

Semiconductor manufacturers cranked up their work on the next generation of memory chips in search of a profit winner.

Another pressing factor is the need for memory chips thet suit microprocessors; 64K rams began like io a mainframe-dominated market. Like previous generations of memory chips they were designed primarily for meinframe computers because the big computer makers bought most of the memory chips.

Now, the ram market has chenged. Microcomputer makers buy half of all the rams produced. Changing demand has created a need for new varieties of chips that work more efficiently in microcomputer systems.

Fast

The rams must be fast, to keep np with microprocessors, and they should ideally be redesigned. Because microprocessors generally "read" shorter "words" than their big mainframe brothers it is batter to structure tho array of memory cells in a ram to match the habits of the microprocessor. Instead of 64K by one array, it is better to make 16K by four or 8K by 16 arrays.

Some of the leter entrants in the 64K ram market—notably Inmos, the UK semiconductor manufacturer—have created 64K rams that match the needs of the microprocessor. Most, however, are concentrating their design efforts upon the next generation of 256K rams.

As 256K rams products emerge, it is clear that variety will be the name of the game. There will be a lot of different kinds of 256K rams all designed for different types of epplications. This will segment the market, and could open opportunities for smaller or newer suppliers.

The character of the 256K ram market will differ markedly from that of previous ram generations. The ram will lose its crown as the leading indicator of semiconductor trade and technology.

The emphasis in U.S. v Japanese competition is expected to switch to microprocessors and the peripheral logic chips that work along them. The ram market will no longer provide a conveniently simplo platform for discussion of international semiconductor trade and technology.

This does not mean, however, that leading chip makers can afford to disregard ram development. Most memory does not represent a large percentage of National Semiconductor's revenues, but it isa critical portion, according to national president Charles E. Sporck. "The ram is the idea product for process development work, no other product runs to such high volumes," he explains.

AMD, for example, has no desire to enter the commodity market for rams. Nonetheless, the company will aim for a two to three per cent market share, eccording to Ben Anixter, director of strategic marketing. That should be enough for the company to acquire experience with advanced production technology that can be applied to other products, he explains.

As the 256K ram emerges from development and inte production, it is becoming clear that the line-up of competitors in this multi-billion dollar market will be novel.

There are currently six companies selling 256K rams. Five ara Japanese—Fujitsu, Hitachi, NEC, Oki, Toshiba. Tha sixth is Western Electric, previously the in-house supplier of semiconductor parts to AT & T. Since the AT & T divestiture, Western Electric has entered the merchant semiconducter market and has the technical and financial resources to become a major player.

Glyn Genin

National Semiconductor's Santa Clara plant: ram is "the ideal product"

Before the end of this year, Mitsubishi, Mostek, Motorola and Texas Instruments, are expected to join in the fray.

Each manufacturer has taken a different approach to the challenge of cramming 256,000 memory cells onto a singlo chip.

Most designs incorporate redundancy. This is a method of increasing production yields by incorporating extra memory cells on the chip which can be brought into action to replace "dud" cells. Although redundancy increases yield, the extra cells take up valuable space and there are additional costs in testing and programming the memories. Eventually, there is a trade off between this added cost and yield improvements.

Scaled down

Another important factor is the size of the chips. Smaller chips are more difficult to make but reduce production costs because more chips can be fitted on to a wafer. Current designs vary in size from 50,000 square mils to 75,000 square mils. If 256K rams follow the development path of previous generations of rams, then the larger chips will eventually be scaled down.

Most 256K designs use NMOS (N-channel matal oxida samiconductor) process technology as used in 64K rams but Intel is expected to make its 256K rams in CMOS (complementary metal oxida semiconductor) to reduce power consumption and make chips that are well suited to portable applications.

DM Data Inc, an industry analysis group based in Scottsdale Arizona, has identified 17 semiconductor companies that are either offering or plan to offer 256K rams. Which ones will have the winning designs? "The shakeout will begin in late 1984," say the researchers. "Although several Japanese companies are ahead in offering samples now, the first designs on the market are not always the final leaders," they point out.

The companies to watch are those gambling on starting with a non-redundant design—NEC and micron technology. If the gamble pays off then those companies will have a one or two year lead over their competitors who must go back and redesign their chips later, suggests DM Data.

In the U.S. most industry watchers believe that Japanese manufacturers will dominate the 256k ram market.

"The Japanese have 60-65 per cent of the 64k ram market, and will hold on to the same portion of the 256k ram market," predicts National's Charles Sporck.

There is, however, a new wave of optimism emerging in silicon valley.

As tha industry heads out of a recession into a boom market, U.S. suppliers have come to recognise that they may be better off concentrating their limited production capacity upon making microprocessors and peripherals rather than memory chips. "In 1984 the market for microprocessors and peripherals will equal the MOS memory market in dollar value," points out W. J. Sanders III, president of AMD.

By 1986, he predicts, micros and peripherals will represent a $4bn market. And he is delighted to point out that the U.S. dominates that sector of the semiconductor business. "There is no significant microprocessor invention that is not American," ho declares.

U.S. semiconductor industry egos havo also been boosted by IBM's recent announcement that it has designed a 512k ram. Although nobody seriously expects IBM to put the "half-meg" ram into volume production, the research report demonstrates the determination of U.S. manufacturers to stay ahead of their competitors.

Software

Package for personnel people

FOR PERSONNEL officers, from Missing Link Software, comes "The Personnel Assistant," a software package which, it is claimed, is "particularly useful for coping with personnel work routines and/or speeding up tho process of dealing with the wide range of inquiries busy departments have to deal with."

It includes a dictionary which automatically enters data such as job titles on successive records and global or individual updating, sort, search and browse functions.

It is suitable for companies with 200 employees to 10,000, runs on computers from the larger Commodores to the IBM PC and costs from £7,000 to £10,000, training and consultancy included.

Datacomms

Low cost local network

MIDELECTRON will, in January, supply one of the cheapest local area networks costing from £550 to connect four microcomputers or peripherals.

V-Net, as it is called, comprises a "black box" controller and a standard RS232 module which allows four-way connection: modular design means that up to eight of these modules can be linked to give a "star-shaped" system with 32 out-stations.

The larger 32-terminal system would cost just over £4,000 to build using V-Net. It can be linked to other types of local network such as Ethernet and Cambridge Ring, or to the telecommunications system. More from Midelectron on 077382-6811.

Chemicals

Growth in adhesives predicted

U.S. consumption of adhesives and sealants will expand by 60 per cent in the years to 1995, according to Predicasts, a Cleveland, Ohio based consultancy.

From 9bn pounds at present consumption will rise to 15bn pounds in 1995, a demand increase coupled with a trend towards more expensive, high performance products.

"The result will be a fourfold jump in the market's dollar value, from $6.5bn in 1982 to $25bn in 1995," Predicasts says.

The paper and packaging industries will remain the largest user market with home and auto markets the fastest growing.

NEW BIOTECHNOLOGY GUIDE

Gene machine manual

A GUIDE just published details the *bewildering array* of American biotechnology R and D projects and the latest techniques being used by the top firms. Its publishers claim it is the most comprehensive yet.

Introducing the report, published by Technical Insights, the authors note that their revelations were only made possible because the leading biotechnology companies, whose work forms the basis of the report, had to disclose information when they went public in the U.S. Between them these *27 firms account for 75 per cent* of America's R and D into genetic engineering.

Cetus is by far the biggest R and D spender, recording $33.5m spent last year and covers the waterfront of current work from medical to purely biochemical.

It has begun clinical trials of interferon, the drug which is being used to treat certain kinds of cancer in man, but could well be beaten to mass-production. The report claims that Biogen is providing the basic R and D which will allow an off-shoot of the Shering pharmaceutical giant to build a $100m plant to make interferon in Ireland.

Genetech has spent a shade less than Cetus, with total R and D at close to $32m from the start of 1982 and it spans a wider range of biotech applications.

Genetech is working on enzymes, growth hormones, a foot and mouth vaccine and interferon. Its insulin was the first product made using the recombinant DNA technique and whose sale was approved for sale by the American authorities.

Biogen is the other member of the big-spenders trio, with R and D expenses of nearly $18.5m since 1982. It is working on some of the fringe areas like using bacteria for metal extraction or as herbicides, as well as taking in the more common projects like interferon.

Cetus, Genetech and Biogen's individual spending dwarves the R and D spending of all tho other small biotechnology firms which have gone public in America. This trio are also the first firms in the area which are beginning to report revenues greater than their R and D costs.

Several new techniques are reported. Bacteria are being used to improve the ability of crops to withstand harsh winters, by lessening the tendency to induce ice crystals to form around the roots. Biogen is so far the sole firm to use bacteria to extract non-ferrous metals from low grade ore.

Chiron is the only firm claiming to have made any progress in producing a vaccine to cure genital herpes, which swept through America in 1982 and spread to Europe this year, but yet more work is needed before clinical trials can begin. The report is available from Technical Insights Inc., PO Box 1304 Fort Lee. New Jersey 07024, USA. Price $0000.

ENERGY REVIEW

How Greece is catching the sun

By Costis Stambolis

JOHN STATHATOS, journalist and writer, lives at Kythra, some 300 km south west of Athens, and is one of 200 or so Greek householders who heat their homes with photovoltaic solar units. He says that it would have cost him twice as much to be connected to the grid of the Public Power Corporation (PPC). Sunshine, a commodity with which Greece is well blessed, is of course free.

As yet, photovoltaics have made only a limited penetration into the domestic heating market in Greece though that is expected to expand fast. Greece has already developed the largest solar water heating market in Europe. It claims no less than 250,000 sq kms of flat plate collectors already installed, meaning some 100,000 domestic units and hundreds of large hotel installations.

Greek policy under Mr Evangelos Kouloumbus, Minister of Energy, is concentrating hard on the development of renewable sources, including wind and geothermal power, as well as indigenous lignite and hydro-electricity. The aim is to reduce dependence on imported oil.

Currently 87 per cent of Greece's oil requirements are imported and this fuel, in turn, accounts for nearly 70 per cent of primary energy needs. The Government wants to reduce the proportion to a more acceptable 52 per cent by 1987. By then, it is hoped, 40 per cent will be provided by solid fuels (local and imported), and 8 per cent by hydro-electricity and renewable sources.

A key role in the development of renewable energy sources is expected to be played by the PPC, which monopolises electricity production, distribution and sales in Greece. Out of Dr 6.5bn ($71.5m) funding for renewables for 1983-87, PPC is going to manage Dr 4.2bn.

Already, PPC operates two large photovoltaic plants, one in the island of Kythnos, in the Aegean Sea, which has an installed capacity of 100 Kw and a smaller one with a rated capacity of 50 Kw located in Aghia Roumeli, on the south coast of Crete. Both plans were heavily funded by the EEC and by the German and French governments as part of a Community photovoltaic demonstration programme.

Although the price of photovoltaic Kwh remains high — more than Dr 20 per Kwh from the two stations — the PPC governor, Professor Dimitris Papamantellos, admits that photovoltaic applications may eventually prove to be economically viable.

This is because of the cost of distributing electricity to thousands of small communities, located in difficult mountainous terrain, in small and isolated coastal areas and the isles.

PPC charges its customers a flat rate of Dr 6.6 per Kwh, irrespective of their location, but it may cost the corporation anything between Dr 20 and Dr 40 per Kwh to produce electricity for an island home. In Greece there are still about 1,500 small communities, of up to 500 people each, which, because of their remote location, remain without electricity.

According to Mr Papamantellos, photovoltaics, wind energy and geothermal energy will be tapped to bring electricity to the major of these communities and to help phase out uneconomic small diesel power generators elsewhere. Although PPC's renewables budget is less than 2 per cent of its total budget for the next five years, Mr Papamantellos is optimistic that more resources will be allocated by the Ministry of Energy as new plants come on stream and prove both their technology and economics.

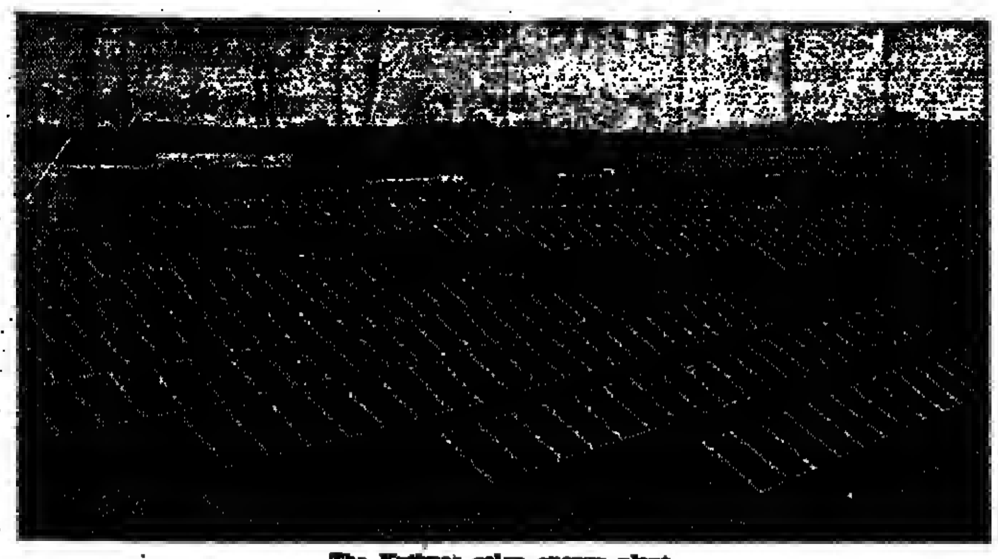
However, the Government is coming under strong criticism from scientists and engineers who support its anti-nuclear policy for failing to back development of renewables more fully.

Professor Rigas Rigopoulos, head of the Patras University Solar Laboratory, says that Athens is only paying lip service to renewables as it has failed to fund appropriate research programmes and development projects in both universities and industries.

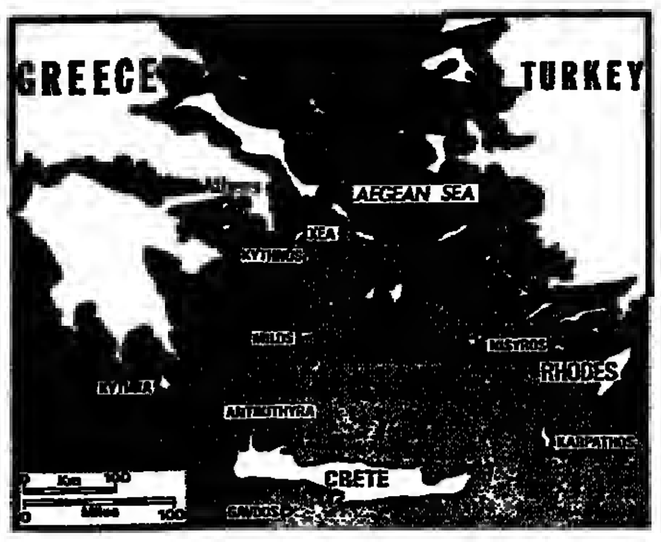
According to Mr Rigopoulos, funding for renewable projects has concentrated on few large "show" projects which have also attracted funding from abroad. His views appear to be those of a wide cross-section of Greece's research bodies.

Total funding of renewables research to date is less than Dr 90m, the lowest in Europe. According to Mr Rigopoulos and his team in Patras, the emphasis should be on funding several small scale demonstration projects in different parts of the country and linking them with university research teams who will evaluate them.

Mr Rigopoulos, who co-ordinated a government-sponsored study on renewables technology and policy options for Greece, says that wind energy alone, at its full potential, could generate the country's entire needs by 1990.



The Kythnos solar energy plant



Graham Lever

ELECTRICITY GENERATION

	1982 Actual	1992 Forecast
Total (Gigawatt hours)	26,426	38,000
Lignite	57.2%	82.2%
Oil	25.5%	2.2%
Hydro & other	17.3	*15.6

* including geothermal, wind and solar.

Because of the country's high solar radiation levels and its relatively small heating requirements, solar passive systems can compete both functionally and economically with current conventional oil-fired ones, says Mr Alexandros Tombazis, an architect who has designed a 400-apartment housing project to be built in the suburb of Lycovrissi, north of Athens.

One of Europe's largest solar communities, this will include different types of passive solar systems and active ones.

Scale economies are expected drastically to reduce the village's heating and electricity requirements. Jointly funded by the Greek and West German Governments, construction costs for this project are estimated at $20m, of which $7m are set aside for solar hardware.

Although an official plan for exploiting Greece's vast renewable potential has not yet been unveiled, Mr Kouloumbus announced last March an ambitious programme for the installation of different types of windmills for electricity generation ranging from 20 Kw to several Mw. The plan is to build 20.6 Mw of installed capacity by 1987.

The Government is keen for aerogenerators of the 5 Kw to 50 Kw range to be developed by Greek companies, with foreign companies invited to bid only for pilot projects. Above the 50 Kw range PPC is likely to co-operate with large international companies—such as Voith and MAN of West Germany, Holec of Holland, and Taylor Woodrow of the UK—for the installation and production of units from 300 Kw upwards.

A typical project currently under development, jointly funded by Greece, Holland and the EEC, involves the installation of two windmills, totalling 160 Kw capacity, in the touristy island of Mykonos. Already a small wind park, consisting of five 20 Kw MAN aerogenerators has been in operation on the island of Kythnos for more than a year. This project, which was jointly funded by the West German Ministry of Science and Technology and the PPC, is now linked to the island's photovoltaic plant—of 100 Kw, which came on stream last July.

Both the photovoltaic plant and the wind park have been designed to operate in parallel with the island's 500 Kw diesel power station. According to PPC engineers monitoring the station's performance, the Kythnos community is likely to cover up to 50 per cent of its annual electricity load from wind and solar energy.

Kythnos provides a glimpse of what the energy future holds for many of Greece's islands, points out PPC's governor, Mr Papamantellos, who says that next in line for photovoltaic and wind energy projects are the islands of Gavdos (the southernmost island of Europe), Antikithyra, Kea and Karpathos.

On the island of Milos, the emphasis is on geothermal energy which is going to generate a lot more electricity than the island's moderate requirements. Several geothermal wells, some going down as deep as 1,400 metres, have been dug and PPC is now busy installing a small transportablo 2Mw pilot plant before developing the island's full potential. According to experts it could generate 120Mw by 1922.

At Nisyros, an island belonging to the Dodecanese group near Rhodes, geothermal reserves have been discovered beneath the island's extinct volcano. A recent EEC study gave Greece one of the biggest geothermal potentials which, if fuly exploited, could generate 750Mw of electricity.

The development of renewablo energy sources, says Mr Kouloumbus, is a major objective of the Socialist Government, which wants to achieve maximum political and economic independence.

Asked what percentage of demand might be provided by renewables, he is reluctant to offer any specific forecast, pointing out that any potential contribution will depend on the rate of technological development and the prices of other fuels, especially oil and gas.

Renewables could probably save anything from 2-5m tons of oil equivalent by the early 1990s, when primary energy demand is expected to be 20-24m t.o.e. Some Government officials still hope that the contribution could be in a range of 5-8m t.o.e.

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In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the three months period 21st November, 1983 to 21st February, 1984 has been fixed at 9⅜ per cent. per annum. Coupons No. 1 will therefore be payable on 21st February, 1984 at £1193.99 per coupon from Notes of £50,000 nominal and £119.4 per coupon from Notes of £5,000 nominal.

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Registered Office

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Commercial Register: Section B No. 8202

An EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS OF TRAFALGAR FUND S.A. will be held at its registered office at Luxembourg, 14, rue Aldringen, on December 7th, 1983 at 11.00 o'clock for the purpose of considering and voting upon the following matters:

1. To increase the share capital from U.S.$214,532 to U.S.$4,286,640 by capitalising part of the extraordinary reserve thus to be reduced from U.S.$10,443,090.86 to U.S.$6,370,782.86 and to increase the issued shares from 107,166 to 2,143,320 by the issuance of 2,036,154 new shares of a par value of U.S.$2 to the existing shareholders as free shares in the proportion of 19 new shares for each share presently held.
2. To amend first paragraph of article 5 of the Articles of Incorporation to read as follows: "The corporate capital is set at United States Dollars four million two hundred and eighty-six thousand six hundred and forty (U.S.$4,286,640) represented by two million one hundred and forty-three thousand three hundred and twenty (2,143,320) shares of a par value of United States Dollars two (U.S.$2) per share. All shares have been fully paid by payment in cash of United States Dollars four million two hundred and eighty six thousand six hundred and forty (U.S.$4,286,640) together with total issue premiums transferred to extraordinary reserve of United States Dollars six million three hundred and seventy thousand seven hundred and eighty-two point eighty-six (U.S.$6,370,782.86)."

Resolutions on the agenda of the extraordinary general meeting will require that at least 50 percent of the total issued and outstanding capital are represented at the meeting. Should such quorum not be reached, a second meeting would then be convened not earlier than a month later. At such postponed meeting no quorum will be required. In the extraordinary meeting, a majority of two-thirds will be required for resolutions on the items of the agenda.

In order to take part at the above meeting on December 7th, 1983 the owners of bearer shares will have to deposit their shares five business days before the meeting at the registered office of the Fund, 14 rue Aldringen, Luxembourg, or with the following banks:

—Banque Générale du Luxembourg, S.A. 14, rue Aldringen, LUXEMBOURG

—J. Henry Schroder Wagg & Co. Limited 120 Cheapside LONDON EC2V 6DS.

The Board of Directors

American Petroleum Production N.V.

Notice to Shareholders

A dividend of $15 per share was approved by the Directors of the Company on 18th November 1983 and is payable on 15th February 1984.

Payment of the dividend on registered shares will be made in dollars to or to the order of the holders of record on 6th February 1984.

Payment of the dividend on bearer shares will be made in dollars by cheque or by transfer to an account maintained by the payee with a bank in New York City against presentation of coupon number 2 at the offices of J. Henry Schroder Wagg & Co. Limited, 120 Cheapside, London EC2V 6DS or J. Henry Schroder Bank and Trust Company, One State Street, New York 10015 or Banque Generale du Luxembourg S.A., 14 Rue Aldringen, Luxembourg

American Petroleum Production N.V.

22nd November 1983

TOKYO SANYO ELECTRIC CO., LTD.

(CDRs)

The undersigned announces that the Semi-Annual Report for the six months ended May 31st, 1983 of Tokyo Sanyo Electric Co., Ltd. will be available in Luxembourg at: Banque Générale du Luxembourg S.A., and further in Amsterdam at: Algemene Bank Nederland N.V., Amsterdam-Rotterdam Bank N.V., Bank Mees & Hope N.V., Pierson, Heldring & Pierson N.V., Kas-Associatie N.V.

AMSTERDAM DEPOSITARY COMPANY N.V.

Amsterdam, November 15th, 1983.

BOND TRUST OF THE WORLD

(Mutual Fund organised under the laws of the Grand Duchy of Luxembourg)

NOTICE OF DIVIDEND ON TYPE "A" SHARES

Pursuant to Article 17 of the management regulations of the fund, the Board of Directors of World Bond Trust Management Company decided to distribute, for the fiscal year ended on September 30, 1983, a dividend to be paid out of the net distributable income (which comprises the net investment income of the fund and the net investment income probated on the net issues and repurchases of fund shares during the accounting year) and of realised capital gains of the fund.

This dividend was fixed at US$0.60 per share and will be paid on and *after November 25, 1983, to holders of Type "A" shares* of the fund issued and outstanding as of noon (Luxembourg time) on November 18, 1983, which constitutes ex-dividend time.

This dividend will be paid:

(1) To holders of Type "A" shares in registered form and to holders of confirmations of Type "A" shares not physically created through the Principal Paying Agent by transfer of cheque pursuant to the instructions given to him by holders of such certificates or confirmations, and

(2) To holders of Type "A" shares to Bearer against coupon No. 2.

The following banks at the offices indicated will act as paying agents for the Type "A" shares of Bond Trust of the World.

—in the Grand Duchy of Luxembourg. Societe Generale Alsacienne de Banque, 15 avenue Emile Reuter, Luxembourg.

—in France: Societe Generale, 29 Bld Haussmann, F-75009 Paris.

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NOTICE TO HOLDERS OF BONDS OF THE ISSUE 8¼% 1976-1988 OF US$60,000,000 MADE BY THE EUROPEAN COAL AND STEEL COMMUNITY

The Commission of the European Communities announces that the annual instalment of bonds amounting to US$2,500,000 has been purchased for redemption on January 15, 1984.

Amount outstanding on January 15, 1984: US$40,000,000.

Luxembourg, November 22, 1983.

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UK NEWS

Union will not pay fine for contempt

By David Goodhart

NATIONAL GRAPHICAL Association (NGA) the print union, yesterday decided not to pay a £50,000 fine for contempt imposed by the High Court. The unanimous decision of the NGA's ruling council is the first case of a union at national *level refusing to pay a fine arising* from the Government's 1980 or 1982 Employment Acts.

Disruptive action by NGA members on national newspapers – and in other parts of the printing industry – is now a strong possibility unless an anonymous donor pays the fine into court.

If the fine is not paid the union could face sequestration of all its funds or alternatively sequestration for the amount of the fine. Mr Eddie Shah, chairman of the Messenger Newspaper Group at Stockport, Cheshire, who took out the original injunction against the NGA as part of a long-running closed shop dispute, said last night that he would be seeking a writ of sequestration on Friday.

Mr Joe Wade, NGA general secretary, said: "In the likely event of the funds of the union being sequestrated we will be asking for financial, industrial and moral support from other unions."

He also gave a warning that a likely escalation of the dispute would not neccessarily be limited to national newspapers published in Fleet Street and said the union had taken steps to protect as much as possible of its £10.5m assets from sequestration. *Most of those assets* are, however, in property.

The closed shop dispute is likely to return to the conciliation service, Acas, later this week. Mr Shah agreed at Acas talks on Sunday to a post-entry closed shop throughout the Messenger Group.

Government may delay issue of cable TV licences

BY GUY DE JONQUIERES AND RAYMOND SNODDY

THE GOVERNMENT may not issue until next year all of the first batch of up to a dozen licences to build and operate multi-channel cable television systems, the Department of Trade and Industry said yesterday.

Although ministers will today begin the final selection from among the 37 applicants for cable franchises and are expected to name their choices by early next week, licences will be offered only on a con*ditional basis. The final awards will* be subject to further detailed negotiations which could last several weeks.

The Government will require all the bidders it selects to give precise and binding commitments that they will carry out the promises contained in their applications. It will also be seeking further detailed clarification of – and in some cases changes to – their proposals.

"It will be like presenting your licence and insurance certificate before you can drive," Mr Richard Owen, a partner in Touche Ross Management Consultants and a member of the three-man committee which is advising the Government on the selection, said.

The Government wants to issue licenses before the passage of its cable television bill, due to be published early next month, to maintain the momentum behind its new policy. But it is also anxious to *ensure* that the first systems are commercially successful, since early failures could jeopardise the fu*ture of the whole cable experiment.*

It is uncertain, however, whether the advisory committee will be able to recommend as many as 12 of the applications as being completely sound. Ministers may have to decide either to choose some applications involving higher risks or to settle for a lower number.

At least a quarter of the 37 applications have already been ruled out as unsatisfactory. Some of the rest, including several submitted by existing cable operators, are judged to have been poorly presented and to need further refinement.

Metal Box profits soar

BY IAN RODGER

PRE-TAX PROFITS for the UK packaging group Metal Box jumped 117 per cent to £34.5m for the half year, confirming dramatically the long-awaited turnround in its performance.

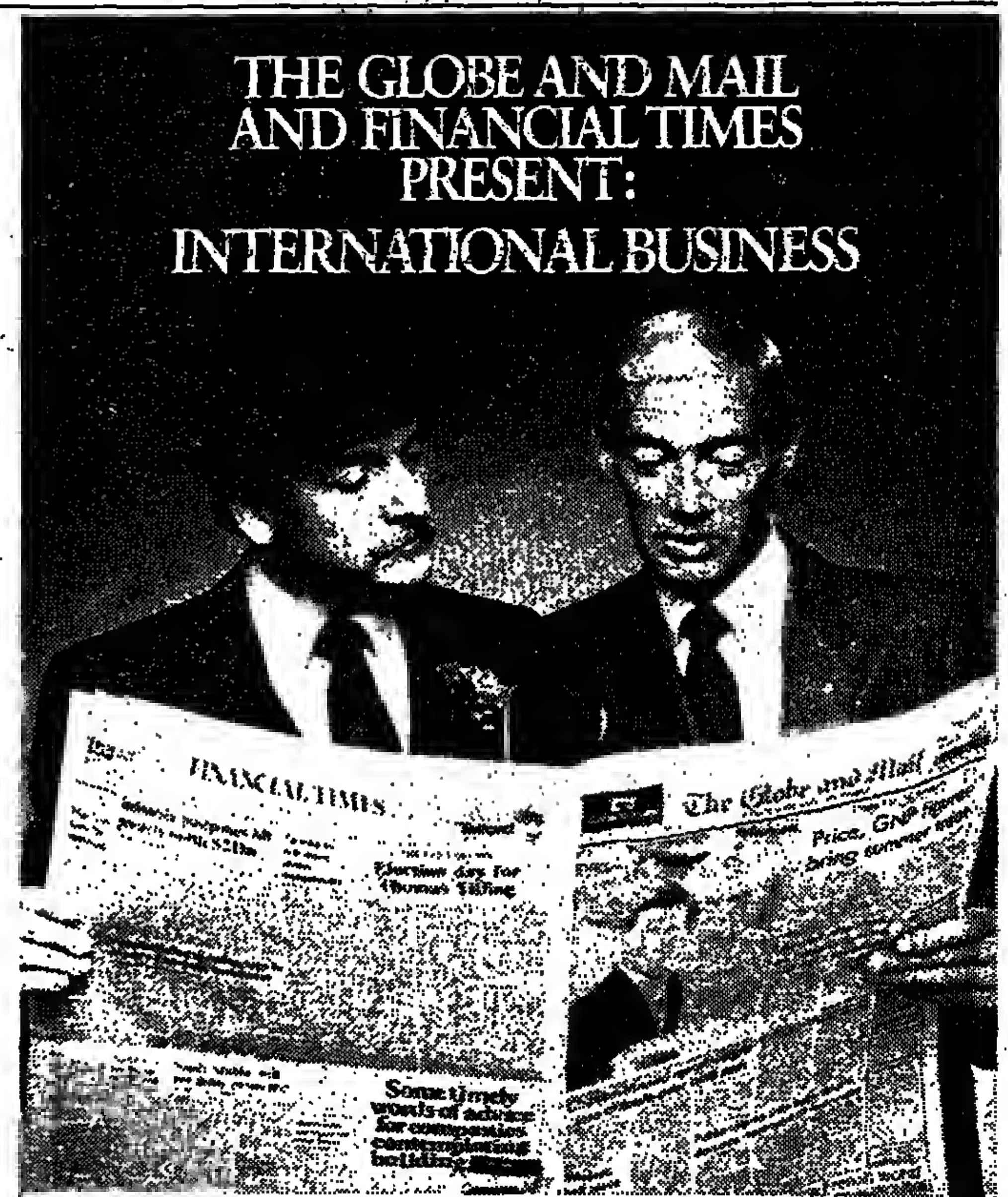
The turnround has been almost entirely the result of improvements in efficiency and reductions in borrowings. Turnover was only 8 per cent higher in the six months to September 30 and Mr Denis Allport, the chairman, cautioned that *trading conditions overall remained* flat.

Metal Box, under increasing competitive pressure in the UK market from U.S. can manufacturers, has had to invest heavily in new technology in the past four years while cutting manufacturing capacity.

The costs of retrenchment have caused the group to suffer attributable losses totalling £57m in the past three years.

Borrowings have been reduced through several large asset sales, notably the sale and leaseback of the group's headquarters in Reading, Berkshire, last year and the *sale of the controlling interest of its* South African operation last August.

Lex, Page 20



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GULF INVESTORS GROUP

Dear Fellow Gulf Shareholder:

Thank you. The tremendous support we have received so far from shareholders is truly gratifying. I believe both small and large shareholders understand how much is really at stake on December 2.

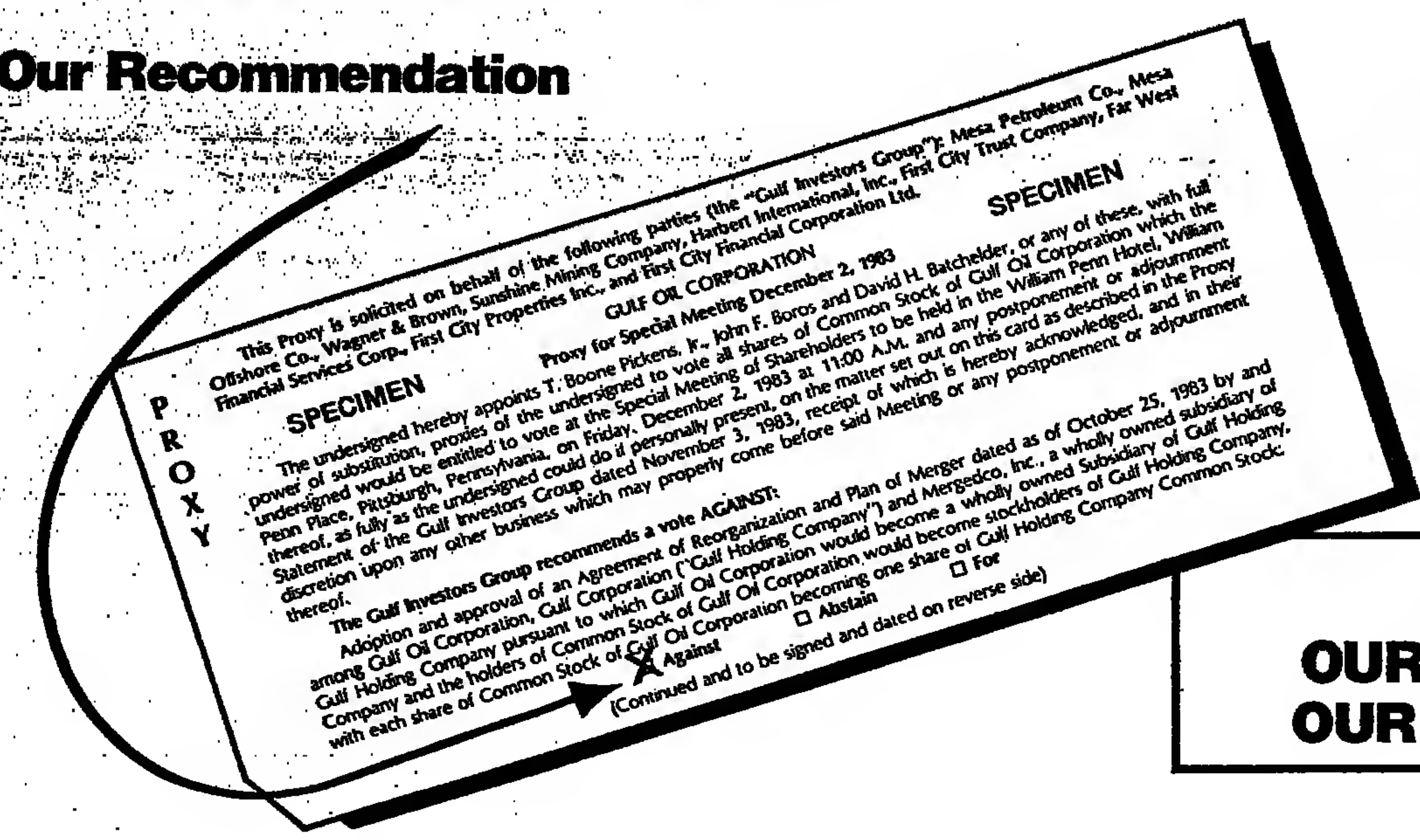
If you haven't yet decided on how to vote on the reincorporation proposal—**CALL YOUR BROKER** and ask him what he thinks will happen to the price of Gulf stock if management's proposal passes. There can be no certainty as to future stock prices but remember, if Gulf stock declines by $5 per share, your investment will lose $500 in value for each 100 shares you own. Just think, if you own 1,000 shares you would lose $5,000.

- WE BELIEVE YOU CANNOT POSSIBLY AFFORD TO SUPPORT MANAGEMENT AND THEIR REINCORPORATION PROPOSAL.
- WE BELIEVE GULF'S STOCK PRICE WILL DECLINE IF WE DO NOT DEFEAT MANAGEMENT'S PROPOSAL.
- WE BELIEVE MANAGEMENT'S REINCORPORATION PROPOSAL, WITH ITS ELIMINATION OF SHAREHOLDER RIGHTS, CANNOT POSSIBLY INCREASE SHAREHOLDER VALUE.

IT'S NOW OR NEVER

You will only get one chance to reject management's reincorporation proposal. That chance expires at the Special Meeting on December 2. If you don't do it now, you will lose precious shareholder rights forever. The Gulf Investors Group is fighting to protect your and our financial interests in Gulf. We can't do it alone—it's now up to you.

Our Recommendation



PROXY

This Proxy is solicited on behalf of the following parties (the "Gulf Investors Group"): Mesa Petroleum Co., Mesa Offshore Co., Wagner & Brown, Sunshine Mining Company, Harbert International, Inc., First City Trust Company, Far West Financial Services Corp., First City Properties Inc., and First City Financial Corporation Ltd.

SPECIMEN SPECIMEN

GULF OIL CORPORATION

Proxy for Special Meeting December 2, 1983

The undersigned hereby appoints T. Boone Pickens, Jr., John F. Boros and David H. Batchelder, or any of these, with full power of substitution, proxies of the undersigned to vote all shares of Common Stock of Gulf Oil Corporation which the undersigned would be entitled to vote at the Special Meeting of Shareholders to be held in the William Penn Hotel, William Penn Place, Pittsburgh, Pennsylvania, on Friday, December 2, 1983 at 11:00 A.M. and any postponement or adjournment thereof, as fully as the undersigned could do if personally present, on the matter set out on this card as described in the Proxy Statement of the Gulf Investors Group dated November 3, 1983, receipt of which is hereby acknowledged, and in their discretion upon any other business which may properly come before said Meeting or any postponement or adjournment thereof.

The Gulf Investors Group recommends a vote AGAINST:

Adoption and approval of an Agreement of Reorganization and Plan of Merger dated as of October 25, 1983 by and among Gulf Oil Corporation, Gulf Corporation ("Gulf Holding Company") and Mergedco, Inc., a wholly owned subsidiary of Gulf Holding Company pursuant to which Gulf Oil Corporation would become a wholly owned Subsidiary of Gulf Holding Company, and the holders of Common Stock of Gulf Oil Corporation would become stockholders of Gulf Holding Company with each share of Common Stock of Gulf Oil Corporation becoming one share of Gulf Holding Company Common Stock.

☒ Against ☐ Abstain ☐ For

(Continued and to be signed and dated on reverse side)

Protect your financial interests. Vote against the reincorporation proposal Today.

REMEMBER:
OUR GAIN IS YOUR GAIN
OUR LOSS IS YOUR LOSS

Thank you once again.
On behalf of the Gulf Investors Group

T. Boone Pickens, Jr.

An Important Note to Former Gulf Shareholders

Only Gulf shareholders who owned Gulf stock of record on October 21 are entitled to vote at this Special Meeting on December 2. Since October 14, however, over 10% of all Gulf shares have traded. It would be unfortunate, indeed, if the future of Gulf were determined by former shareholders who no longer had a continuing financial interest in the Company's affairs. We request that if you are a former shareholder with voting rights, that you please respect the possible investment objectives of those that have purchased your shares by abstaining on the reincorporation proposal. If you have previously voted in favor of the proposal, you may now abstain by sending in a later dated Blue proxy, marked "Abstain". An abstention will have the same effect as a vote against management's reincorporation proposal. If you need an additional proxy, please call our proxy solicitor for immediate assistance.

ATTENTION: "STREET-NAME" HOLDERS

If your shares are held in the name of a brokerage firm or bank nominee, only they can execute a proxy on your behalf. Since time is short, please mail your proxy today in the envelope that has been provided to you. If you are concerned that your vote may not be in time for the December 2 meeting, please call our proxy solicitor for immediate assistance:

THE Carter ORGANIZATION, INC.

Toll-Free 800-221-3343
or
212-619-1100 (collect)

UK NEWS

Companies scramble for RAF order

By Michael Donne, Aerospace Correspondent

AT LEAST 15 companies from 10 countries are competing to win an order to replace the Royal Air Force's fleet of Jet Provost trainer aircraft. The order is likely to be for more than 150 aircraft, worth over £200m with spares and support costs.

The basic requirements were outlined in a document called *Air Staff Target*, to which companies intending to compete had to respond by last weekend. A more specific requirement will be publishes, probably early in 1984, for final submission of detailed designs and costings.

At least 18 types of aircraft have been submitted, although some are still at the design stage. Companies known to have responded include British Aerospace, Aerospatiale of France, Caproni and Siai-Marchetti of Italy, CASA of Spain, Rhein-Flugzeugbau of West Germany and Fairchild of the U.S.

The RAF is believed to favour a turbo-propellor design, rather than a jet, because of the lower costs. It is expected to insist that, if a foreign aircraft is selected, it will be built under licence in the UK.

Coal Board challenges investment in reactor

BY A SPECIAL CORRESPONDENT

A CLAIM by the Central Electricity Generating Board (CEGB) that the world price of coal would rise rapidly over the next 30 years was disputed by the National Coal Board (NCB) yesterday.

Mr Michael Parker, director of central planning for the NCB, said the board did not believe that world supplies of low-cost coal would be reduced over that period. There were still huge reserves in various parts of the world which could be exploited cheaply.

He was giving evidence at the public inquiry into the CEGB's proposed Sizewell B nuclear reactor in Suffolk, east England, which if approved would be Britain's first pressurised water reactor. The CEGB is the NCB's biggest customer, buying from it about 75m tonnes of coal each year.

Mr Parker said the future international price of coal and not, as the CEGB suggested, the availability and cost of NCB coal was a central issue which would affect the economics of Sizewell B.

He said that the NCB did not consider that an investment in Sizewell B, based on the CEGB's forecasts of future coal prices, was a sound proposition. The CEGB has told the inquiry it believed that, as the world emerged from recession, the price of coal would rise above the level of inflation experienced in the UK.

The NCB director said several countries, including Australia and South Africa, had enormous reserves of coal which could meet world demand over the next 30 years. It was improbable that there would be n significant shortage of low-cost coal.

New stock to attract offshore funds

BY ROBIN PAULEY

THE GOVERNMENT'S decision to clamp down on the tax privileges of offshore roll-up funds, which have been used as a substitute for a deposit account, could mean the flow back to Britain of about £1.5bn, mainly from the Channel Islands.

This creates the sort of market ideally suited to a low-coupon short government stock. As there was none in existence, the Bank of England has taken the opportunity to introduce one. The £500m Exchequer 1986, paying only 2½ per cent interest, was announced by the Bank on Monday with a minimum tender price of £84.50.

The offshore roll-up funds were designed to convert investment income into capital gains, which are taxed more lightly. The deeply discounted tap has the same effect, providing very little interest but a substantial guaranteed capital gain. The Bank of England said the stock will be specified under the 1979 Capital Gains Tax Act as a gilt-edged security exempt from tax on capital gains if held for more than a year.

The Government announced it was closing the offshore roll-up funds tax loophole in September. As n concession, investors will not be required to cash in their investments to establish their gains before January 1.

As there are no exchange controls, it is not possible to say exactly how much has been attracted into the offshore funds. But if £1.5bn is a fair estimate, there is clearly more scope for the Bank to adapt its funding programme in the near future to attract more of the same

Computer disaster service launched

By David Fishlock, Science Editor

ALLIED BREWERIES, which claims to have one of the biggest private computer networks in Britain, with terminals extending from Plymouth to Aberdeen, is selling a commercial service in "disaster recovery" to other large-scale IBM users.

The disaster recovery centre is also Allied's own insurance against a major breakdown of its computing power.

The investment in the centre follows the conclusion of Allied's chief accountant, who reported three years ago that if its computer centre at Burton-on-Trent in central England were to be totally destroyed, "the resultant loss of cash flow would cost more than £1m a month in interest charges." All major accounting systems in the company would come to a halt.

The disaster recovery centre claims that a company which loses its computing power can restore its services within about four hours. It is part of a variety of in-house computing services which Allied proposes to market through n new subsidiary, Allied Aims, based in Burton.

Dragon survives home computer shake-out

Charles Batchelor reports on how Dragon Data came through its cash difficulties where others in the home computer market have fallen by the wayside.

DRAGON DATA has been luckier than some of its rivals in the fiercely competitive world of home computers. Dragon teetered on the abyss in September when its cash ran out, but its shareholders pulled it back with an additional £4.5m financial package.

Other companies have not been so fortunate. Grundy Business Systems, maker of the New Brain computer, and Iotechnology, a manufacturer of small business systems, both went out of business. Iotechnology's assets were subsequently bought by Foundrometers of Leeds and its name changed to Iotec.

Barely had Dragon recovered from its own cash difficulties when Mettoy, the Corgi models group which was behind its launch in August 1982, itself went into receivership. Fortunately for Dragon, Mettoy's holding had by then been reduced to only 15.5 per cent, and Dragon avoided being dragged down with its erstwhile parent.

Dragon is now working seven days a week to fulfil the £4m order book which will absorb all its pre-Christmas production capacity. It has in creased its workforce to 270 from just over 200 at the time of the rescue.

It will present its business plan for the next six months to its shareholders at the end of this month. These shareholders are Prutec, the high technology investment arm of Prudential Assurance, with 42 per cent; the Welsh Development Agency with 23 per cent; Mettoy; and the National Water Council, Fountain Development Capital Fund, F & C Enterprise Trust and Dragon executives, with a combined 19.5 per cent.

Six months is a long time in the cut-throat world of home computers, but planning in detail much further ahead involves too many uncertainties.

"This is not a stable industry and it would be silly to say this is not a risky business," said Mr Brian Moore, Dragon's new managing director.

Mr Moore, aged 37, was brought in from the General Electric Company subsidiary, Satchwell Control System, to apply new management to Dragon.

After eight weeks at Dragon's modern factory on the outskirts of Port Talbot, South Wales, he believes the company is now going in the right direction.

"We believe we have the risks covered by next year's plan," he said. "We feel we have got a good year ahead by diversifying into different markets and new products to spread the risk.

"We have made very conservative projections and no single product in any one market is forecast to see very high volumes. There are a number of small ventures which cumulatively will produce profits.

"Of course, every other manufacturer is talking the same way, and the full extent to which these plans interact will evolve over the next few months."

Dragon expects to sell 100,000 computers this year (80,000 have already gone to retailers) to achieve n turnover of £15m. The cash flow problems of the summer mean that it will make a loss over 1983 as a whole but the final quarter will be in profit.

Most of the computers to be sold will be the version with 32,000 bytes of memory available to the user (32K), which now costs £175, but a 64K version costing £225 is now going into the shops and will account for 10,000 of this year's sales.

Dragon has also developed a disk-drive unit which increases the memory capacity, speeds access to the memory and allows the computer to carry out more sophisticated tasks. This will go on sale shortly.

Dragon is now working on more advanced versions of its computers for business applications to take it up-market and out of the hotly contested simple games-playing home computer area. Mettoy's toy image may prove something of a problem here.

Dragon's strategy is to find lucrative niches rather than fight for a large stake in the mass market. A company of Dragon's size would be unable to compete on this scale, according to Mr Moore.

Dragon is resigned to its share of the total computer market declining as new companies come into this field. Japanese manufacturers could well be a major force at the lower end of the market by Christmas 1984.

"We can drop our market share and still be a perfectly viable company, given our cost base, on turnover of £15m," said Mr Moore. "We only need a few per cent of markets in the UK and the Continent and an even smaller share of the U.S. market to produce an acceptable level of business."

Dragon currently exports just over half its production to continental Europe and expects to continue to sell its 32K model to these markets for two to three years after it has been phased out in the UK.

To increase market penetration Dragon is currently discussing a deal under which its 32K machines would be made by a manufacturer from continental Europe for its local market.

The company also has a joint venture deal with Tano Corporation, a New Orleans-based manufacturer of process control equipment, to market Dragon 64s in the U.S.

Tano will initially buy printed circuit boards from Dragon, but will ultimately be completely responsible for its own manufacture and assembly, paying royalties to Dragon. Tano expects to sell at least 5,000 machines this year, rising to 50,000 in 1984.

Mr Moore attributes Dragon's cash flow problems of last summer to the unrealistically rapid rate of growth. From turnover of around £3m in the five months of trading in 1982 it was forecasting 1983 turnover of up to £60m at one point. In the event, it achieved £15m — still an impressive rate of growth.

Mr Moore believes that, given sensible management methods, Dragon's strengths would assure it a place in the market.

He sees these strengths as a customer base of some 100,000 users, a broad range of more than 300 software programmes and a strong research and development team. Mettoy had no electronics skills and simply bought in the original design. Dragon has built up its own research and development.

Dragon's future depends on whether it can survive next summer's likely cash flow pressures and withstand the growing competition in the home computer field. Mr Moore believes it can, but is conscious of the risks.

"It depends on how ambitious our shareholders want to be, whether we need more cash next year. The computer companies which have failed did so trying to get into the market. We are past that stage. Our problem is staying there."

Engineering reform deal may hinge on improved pay offer

BY OUR INDUSTRIAL STAFF

BRITAIN'S main engineering union may consider far-reaching changes in working practices if employers make a substantial improvement on a 4 per cent pay offer.

The Engineering Employers' Federation (EEF) is pressing for changes, including moves towards shift systems that would allow a 7-day, 24-hour working week and the end of job demarcations.

Mr Terry Duffy, president of the Amalgamated Union of Engineering Workers (AUEW) said yesterday: "If there is a substantial improvement in the national minimum (pay) rate we are prepared to recommend to our members that we accept and discuss the other points at a later date."

The engineering unions would want to concentrate on their claim for shorter working hours, although Mr Duffy accepted that the employers' changes would also have to be on the agenda. Their next meeting with the EEF is on December 12.

While Mr Duffy would not be specific on what he saw as a "substantial" increase, union leaders believe there are a number of relevant deals at or about 7 per cent, and point to the Ford union negotiators' rejection of a 7.5 per cent pay offer.

● Skill shortages among engineering workers in the next few years are particularly likely to occur in new technology areas, according to Engineering Industry Training Board research.

The board gives this warning in its latest monitor of economic and industrial trends in engineering, against the background of n severe slump in the intake of apprentices.

Indications of an upturn in output, combined with low recruitment and a large reduction in the skilled labour force during the recession, lead the board to conclude that shortages of skilled labour will occur over the next couple of years.

A survey by the board indicates that about 7,100 apprentices are being recruited by the engineering industry this year.

BSC may face further cuts

By Ivor Owen

BRITISH STEEL Corporation (BSC) will remain vulnerable to demands for further cuts in its capacity while it stays in the red, Mr Norman Lamont, Minister of State for Industry has told the House of Commons.

He emphasised that the criteria applied by the European Commission in seeking to reduce the overcapacity in the European steel industry were that any under taking which received aid was inefficient and should continue to contribute to reductions.

Mr Lamont warned them that, against this background, there was every reason to redouble the efforts to make BSC viable.

He described the current outlook for BSC's finances as "moderately" encouraging.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Working for mammon—and God

David White explains Opus Dei links with Spain's premier business school

IT IS NOT just the beaming face of Juan Antonio Perez Lopez, Doctor of Business Administration and head of Spain's most reputed graduate business school, that gives the impression of a jolly friar.

His director-general's study at the Instituto de Estudios Superiores de La Empresa (IESE), in a quiet green setting above the bubbub of Barcelona, boasts a small wooden triptych and two framed photographs of priests, with Latin inscriptions. He keeps a Bible at hand in his executive briefcase.

Like some of the other, mostly U.S.-trained, teaching staff giving high-powered courses in control, decision analysis, finance and the like, he has taken vows of chastity, poverty, obedience and communal living.

IESE, Spain's answer to institutions such as France's Insead in Fontainebleu, with bilingual courses geared to top U.S. standards, is far from being a monastery. But the power behind it is the lay Catholic organisation, Opus Dei, which sprang back into prominence earlier this year when the Socialist Government in Spain made its dramatic move against the country's largest holding group, Rumasa (*Jose Maria Ruiz-Mateos, the company's founder and former chairman, is one of the Opus Dei supernumeraries, a temporal member not bound by religious vows*).

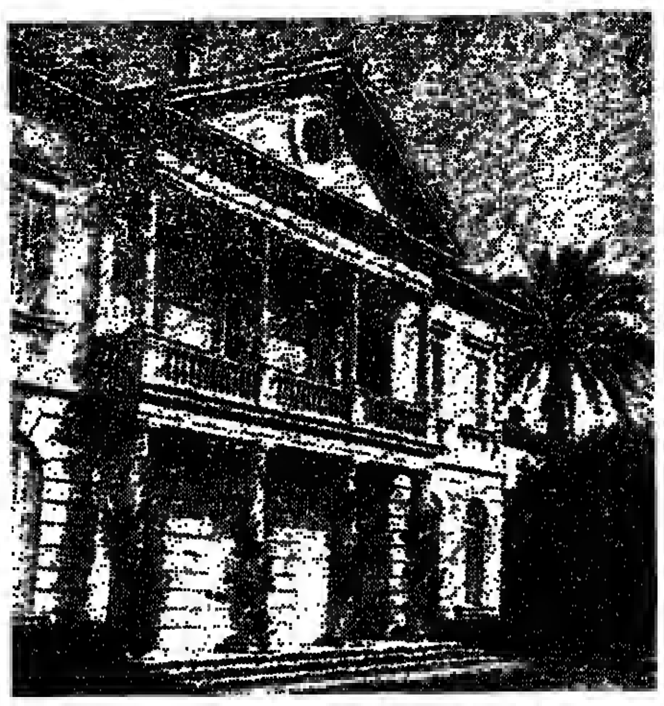
One of the signed photographs in Perez Lopez's study is of Monsignor Jose Maria Escriva de Baleguer, founder of Opus Dei, which gained great influence during the Franco dictatorship and which has never shaken off its controversial reputation. The other is of its present-day prelate, Father Alvaro del Portillo.

The school was set up 25 years ago with the help of professors from the Harvard University Graduate School of Business Administration. It was virtually grafted from the Harvard model, training ground of many of the Opus Dei technocrats who had their heyday in the late 1960s and early 1970s. While loyal to the regime, they were often less attached to Falangist ideology than to the idea of pushing Spain away from dirigisme and state control, towards a free market economy and towards integration with Europe.

The Opus Dei influence was a mix of American-style business principles and traditional Catholicism—and that is what IESE is.

Although Lopez Perez talks frankly about Opus, its hallmark is extreme discretion.

"The problem with Opus links," says a Madrid banker, "is that you never know quite what they are or how they work."



Opus Dei exerts a strong influence behind IESE's grand facade

Sometimes attacked as a "Holy Mafia," Opus Dei with its 70,000 selected members worldwide was, at the end of last year, declared a "personal prelature" by the Pope. The process of beatification and canonisation of its founder, who died in Rome in 1975, has been going on since 1981.

With only a small number of ordained priests, the core of the Opus Dei organisation is made up of "numeraries" like Perez Lopez. Its main influence and main recruitment effort is in higher education, and its main base is the University of Navarre in Pamplona, IESE's parent institution.

Since 1964, IESE has been running a two-year Master's course in Business Administration which, according to Perez Lopez, who is not an immodest man, "can stand any kind of comparison with European schools."

The MBA programme is divided into three sections, two Spanish and one English, starting with about 60 students in each. The English section dates only from 1980, with the second class graduating this year.

Introducing English was, says *Perez Lopez, "a kind of adventure."* In the first-year course, all but one of the Professors are Spaniards. "Half of the faculty were scared to death. The other half were scared, too, but didn't confess to it." Now, on the other hand, "if we stopped the English section half the faculty would quit."

Out of 867 MBA graduates up to last year, 188 were foreign, all but 30 from Latin America or the Philippines. For 1982-1983 there were another 112 foreigners in the course, including 21 Americans and four Britons.

Several international banks and industrial companies come regularly to IESE to recruit. Job opportunities last year, according to Perez Lopez, outnumbered graduates by three to one — in the country which has one of the highest unemployment rates in western Europe.

The school's administrators have helped to set up similar institutions in Argentina and Peru and are participating in starting one in Portugal.

How much influence does Opus Dei itself exert on the teaching? The pamphlet on the bilingual course spells out that "the doctrinal and spiritual aspects of IESE's educational facilities are confided to the Opus Dei." The school is regarded by Opus as one of its "corporate works."

The director-general is appointed by the Grand Chancellor of the University of Navarre, who is the Opus Dei prelate. But, Perez Lopez says, Opus Dei does not interfere in the normal running of the school.

"The only thing it is concerned with is that the school's teaching doctrine is in accordance with the Catholic faith."

Opus Dei numeraries and supernumeraries make up only a small number of the staff, Perez Lopez says. "There are professors who are not even Catholics."

As for the students, he says, very few have any connection *with Opus, although he adds:* "Sometimes I wouldn't know, of course."

What the school's origins do mean, he says, is that the emphasis in teaching "tends to be heavily humanist."

"We can't accept that everything is geared to profits—the challenge is to reach this conclusion from a scientific point of view." His own subject is organisational behaviour, and and this theme is dear to his heart. But, he admits: "If you ask me if I am achieving the spirit of Opus Dei at IESE, I would have to say no."

Where are IESE's former students now? Perez Lopez looks back to the first MBA graduation *list* of 1966, people who are now in their early 40s. "Half of the first class are now top men in their companies," he reckons.

A few have become political figures. At one stage, he says, there were five IESE graduates in the Cortes (parliament), although there are fewer now. "Of course, they don't belong to the Socialist party," he explains with a grin. "It would be difficult, at the very least."

BUSINESS PROBLEMS

BY OUR LEGAL STAFF

Restricting distribution

A private company with two shareholders has assets of cash and quoted investments. It has no liabilities. The shareholders propose to put the company into members' *voluntary liquidation*, one of the shareholders being the liquidator. They propose to distribute the investments direct to the shareholders, the company paying tax on the capital profit that arises. To save themselves capital gains tax on the distribution they receive, *they* propose to agree to the liquidator's restricting annual distributions so that the shareholders' annual capital profit is within the tax exemption. Both shareholders have the same number of shares. The liquidation will take several years to complete. Is there any objection to such a scheme?

Not in principle; but bear in mind extra-statutory concessions A39 and SPD3 (in conjunction with indexation relief). The company's auditors will be able to guide you through the maze.

Public inquiry

It was recently reported that a well-known football club was about to lose its ground for two seasons (although not until the end of this season at the earliest) as the stadium had been sold to a property development company and that another club may share their ground with them for those seasons.

Would you kindly appraise me of the procedure that should be adopted to prevent the latter club from sharing their ground with the former before a public inquiry (into the effect upon the local community) is held and how a public inquiry of this nature may be initiated.

The appropriate course would be to apply to the High Court for an injunction if it can be shown that the sharing arrangement is, or may be, improper, eg. not authorised by the club's constitution.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Why interest is waning in inflation accounting

BY ALISON HOGAN

CONFUSION AND controversy has dogged SSAP 16, the current cost accounting standard, throughout its three-year trial period. As a decision on its future approaches — the *Accounting Standards Board* is scheduled to produce a new exposure draft on inflation accounting in January—Professor Bryan Carsberg, Director of Research at the Institute of Chartered Accountants in England and Wales, has produced a weighty research project.

He has unearthed some deep-seated reservations, which include first, from an analyst: "You can fiddle historic cost profits fairly easily so Lord knows what creative accounting can do with CCA." Secondly, from one of the research team: "It seems that a large number of accountants have failed to grasp the concepts of current cost accounting."

If the accounts are not trusted and even accountants don't understand them, what hope is there?

The 17 studies in Carsberg's research programme attempt to answer the question. They cover both users and preparers of reports and accounts, management accountants and the public sector.

The use of CCA accounts is found to be patchy. A majority of investment analysts with large firms of stockbrokers use it to some degree with the current cost dividend cover appearing to be particularly useful. *Institutional investors use* CCA accounts less, the most often quoted reason being the negative one that there is little point when the investment community as a whole uses, and thus reacts to, historical cost accounting information.

Analysts argue that their function is to help people deal *advantageously in a market so* they must focus on the actual determinants of market prices—which are changes in historical cost profits. Press reports of company results appear to have adopted the same stance. References to CCA information declined from 15 per cent to 5 per cent between 1982 and 1983.

A survey of the preparers of accounts found that out of a sample of about 490, 60 per cent said they were "complying only from a sense of obligation." However, all but 9 per cent made certain adaptations of management accounting systems to deal with inflation, such as frequent revision of standard costings.

It appears that preparers of accounts are increasingly disillusioned. The number in the study who are either happy to comply with the standard or are "lukewarm" compliers has dropped from 35 per cent when the standard was first introduced to 25 per cent, mainly because they feel users of annual reports have little interest in the current cost numbers.

Research into the effects of SSAP 16 inflation adjustments in published accounts found that the overall effect of the inflation adjustments is to reduce pre-tax profits by approximately half. However, the ranking of companies by historical cost profits was quite similar to their ranking by current cost profits.

Rule of thumb

The study also concluded, however, that it is impossible to estimate current cost from historical cost by rule-of-thumb *methods* as the relationship between historic and current cost profits varies from year to year.

Costs of preparation of CCA accounts from a sample of 18 companies proved to be quite low. With the exception of one very large company, the median annual cost was £2,000, or £7 per £100,000 of turnover. Average cost was £4 per £100,000. Professor Carsberg comments: "Some companies doubtless incur much larger costs if they use the information for management purposes and wish to refine the measurements more extensively."

Perhaps the most significant findings are contained in the *report of nearly 500 listed* companies on the implementation of SSAP 16. It reveals quite clearly that a renewed mandatory requirement to submit a complete set of current cost accounts would be "very ill received by a majority of UK listed companies, particularly those of smaller or medium size."

A large number of companies accept the notion of a simpler mandatory requirement yet wish to avoid "the pursuit of computational simplicity at the expense of perceived meaningfulness or credibility."

The authors of this particular paper, Simon Archer and *Anthony Steel, from the University of Lancaster*, conclude that the solution might be to "re-tool" SSAP 16, and have a "mandatory but minimal requirement which does not preclude a comprehensive but voluntary statement of recommended practice for CCA enthusiasts."

A key to the lack of enthusiasm for SSAP 16 is the concern for the reliability of its measurements, particularly of the recoverable amounts of assets, and of replacement costs for assets affected by technological change.

Carsberg explains: "If they try to apply the concepts as set *out* in SSAP 16, the measurements are, they feel, excessively subjective; and if they avoid application of the concepts and rely on mechanical indexing, the numbers fail to reflect economic reality."

Companies which favour CCA, he suggests, take a "common sense" approach to the difficult measurements and believe that the difficulties do not seriously detract from the usefulness of the results. "Conversely, companies which are not in favour of CCA often adopt a mechanical unquestioning approach and tend to obtain unreliable numbers that reinforce their negative attitudes."

He recognises that there are some companies, such as in the oil and gas industry, which have strong reasons for arguing that the concept of maintaining operating capability does not apply to them and so should be allowed some choice in the matter.

He concludes that concerns over reliability are serious enough that historical cost measurements should be retained as a benchmark. But they are not serious enough to call into question the overall usefulness of current cost information.

The ASC must decide on a new direction for inflation accounting soon. The profession will need to adopt its proposals wholeheartedly if the financial world is to be shaken out of the apathy into which SSAP 16 has dragged it.

THE ARTS

Scene from 'Those Glory Glory Days'

Television/Chris Dunkley

A peevish view of the week

WEDNESDAY

The piquant blend of farce and melancholy which was so characteristic of one of our best loved character actors also flavours the "In Memoriam" notice which he left behind to be published this morning, the day after his death. "John Le Mesurier" it says "wishes it to be known that he conked out on November 15. He sadly misses family and friends." He was 71 and we shall remember him best for his rôle in the BBC's *Dad's Army* series. He played the mild and awfully English Sergeant Wilson, the ex-public schoolboy whose diffidence supplied such a superb foil to the bluster of Captain Mainwaring the ex-grammar schoolboy and bank manager played by the late Arthur Lowe. Although Le Mesurier filled a host of supporting rôles in funny films where we shall, gratifyingly, continue to see him, his talent was not limited to comedy. He won the BAFTA Best Actor award in 1971 for his performance as the seedy Philby spy character in Dennis Potter's play *Traitor*.

THURSDAY

The way in which Tony Smith, director of the British Film Institute, is changing the National Film Theatre from a repertory cinema into a national centre for film and television is vividly exemplified by this, the opening night of the 27th London Film Festival. Truffaut's considerably over-rated and over-long film noir pastiche *Vivement Dimanche* is the official opening item in NFT 1, the original auditorium, and this is of course a true cinema product. But earlier in the evening, immediately before the launch party, NFT 1 was packed to capacity for the premiere of *Saigon: Year Of The Cat* which is Thames Television's production of David Hare's account of the final American withdrawal from Vietnam. It plaits together a downbeat love story (Judi Dench giving her usual fine performance) with the Boy's Own vroom-vroom tocka-tocka-tocka business of helicopters evacuating the U.S. Embassy in Saigon. The trouble is that instead of contributing to one another, the two strands tend to compete uncomfortably, both losing in the process. The embassy element was done rather better in John Pilger's BBC 2 play *The Last Day* in March. Meanwhile, in NFT 2, the big screen was filled by *Those Glory Glory Days* which was simultaneously being broadcast nationally by Channel 4. As with others in the "First Love" series the use of the children here (four soccer-mad schoolgirls) was rather cloyingly "winning." Moreover a good editor could improve the film greatly by cutting 40 minutes or so. Still, it is a tonic to watch a series which deliberately sets out to entertain—and surely we shall be hearing more from Observer soccer reporter Julie Welch who wrote this screenplay.

FRIDAY

The first episode of ITV's *Auf Weidersehen Pet* with its unemployed British brickies crossing the Channel to find work in Germany suggested that like other comedy writers before them Dick Clement and Ian La Frenais (who wrote *The Lively Lads* and *Porridge*) had persuaded themselves they were worthy of something "better" than sitcom and had consequently produced a not very funny drama serial in over-stretched one hour blocks. Tonight's episode with its honest portrayal of various familiar British attitudes to foreigners and foreign-ness was slightly more encouraging and marginally more amusing. But somebody should tell Clement and La Frenais that there is nothing "mere" about sitcom-writers; that good ones are to be valued above rubies; and that while a cobbler may feel more fulfilled branching out into leather overcoats he probably serves his loyal customers best by sticking to his last.

SATURDAY

Laying little store by nationalism it gives me no great pleasure to hear the Twickenham crowd bawl out the National Anthem at the start of the England/All Blacks match on BBC1's *Grandstand* but it does emphasise the fundamental difference between rugby and almost every other sport now shown on television. Whereas tennis usually features a tantrum from some spoiled American brat, and soccer involves pictures of bad tempered violence being indulged on the field by overpaid players and on the terraces by drunken juvenile delinquents, rugger still provides an hour and a half of real sport. What a pity that Bill McLaren was not present to deliver his informative and articulate commentary on this rare occasion when England actually managed to beat the New Zealanders.

SUNDAY

Sweet 16 comes to a generally unmourned end, having been disliked not only by most of the critics but (for rather different reasons, I suspect) remarkably large numbers of viewers. Among the people who write letters to newspapers and make calls to phone-in programmes, the feeling seems to be that they were betrayed by Penelope Keith: an odd term to use, perhaps, about anything as unimportant as a performance in a situation comedy, but the middle classes clearly feel that Miss Keith has let the side down. Her first famous television character, Margo in *The Good Life*, was a caricature of the suburban Tory: a sort of Surbiton Ranger who kept house, did good works, and instinctively knew right from wrong. She was a bowling snob, but people laughed with her more than at her. *To the Manor Born* promoted Miss Keith to a fully fledged Sloane Ranger, forced by straitened circumstances to live in her own gate house but still confident that her social standing was well above that of the parvenu grocer up at the manor whose ill-bred antics she watched through field glasses. Far from continuing this progression, *Sweet 16* implied that its creators could not care less about midde-class values; not only was Penelope Keith now involved in commerce, she was commercially successful, and not only was she unmarried, she was also pregnant and old enough to be her lover's own mother. If Miss Keith had been required to appear on screen each Sunday and shout "Up yours if you wear green wellies! she could hardly have caused greater outrage.

MONDAY

Another night without Bilko which makes 15 days since we last saw an episode. Considering that this mid-1950s American series is one of the Ten Greatest TV Series Of All Time the treatment it receives from BBC1 is appalling.

The first three series are so fast and funny that even though nearly 30 years old and already repeated many times I have no doubt they could command a huge audience if properly scheduled. Instead they are treated by BBC1 like used chewing gum: bunged into any little hole in the schedule. So far this year the show has been screened on Saturday, Sunday, Monday, Tuesday, Wednesday and Thursday nights at 11 different times ranging from 10.25 pm to 12.05 am. Recently we have had a good run of 10 Sunday nights, though only two successive broadcasts were at the same time, but the next episode is tomorrow at 11.15. If the BBC cannot exploit one of television's greatest series with more expertise than this no wonder it is losing the audience to ITV.

TUESDAY

The short film *One Of Ourselves* on BBC1 is such a studiously deliberate attempt to repeat the triumph of *Ballroom Of Romance* that — like those carbon copies of pop song hits — it is almost inevitable that it falls short of its target. Once again it is a co-production between the BBC and Ireland's RTE, again the producer is Ken Trodd, the director is Pat O'Connor, the writer William Trevor, and Cyril Cusack looms (or perhaps lurks) large among the cast. Most important of all, the setting is again the rural Ireland of the fifties which was re-created with such overpowering effect in *Ballroom Of Romance*. This second attempt with its Craven A posters and its Bisto-brown bar, serving matching stout, certainly evokes once more the clammy winding sheet of provincial life. But whereas the theme of *Ballroom* emerged so clearly from the poignant predicament of the handsome but ageing and unmarried Bridie, the theme and the title of *One Of Ourselves* only becomes clear after reading the publicity material which explains John Joe's choice between a free passage to America and remaining "one of ourselves." The film is better than 95 per cent of television programmes, but the pathos in the scene where Cusack's old man Quigley is carried away by the film in the fleapit is the only sequence which matches the power of *Ballroom*.

John Le Mesurier

Rossini Opera Festival

The Swan of Pesaro

Andrew Porter encounters a rare work by Rossini

Pesaro, a seaside town between Rimini and Ancona, opened its opera house, the Teatro del Sol, in 1637. In 1818 it was rebuilt, as the Teatro Nuovo, and re-opened with *La gazza ladra*, by the city's most famous son; and Rossini himself directed the production. In 1854 there was renovation and reconstruction, and the theatre, renamed the Teatro Rossini, re-opened with *William Tell*. In 1980—as William Weaver has told in these pages—the Teatro Rossini was refurbished, and since then it has been the seat of an annual summer Rossini Opera Festival. It's an attractive, five-tier, horseshoe-shaped house, holding about 900 people, intimate yet not at all poky, and with admirable acoustics.

Rossini left a large part of his fortune (a sum estimated at 20bn modern lire) to his birthplace, for the establishment of a musical conservatory. This splendid building houses the Rossini Foundation, which has embarked on a critical edition of Rossini's works and collaborates with the Pesaro Commune in presenting the festival. The operas are performed in new critical editions, and the repertory so far has been: 1980: *La gazza ladra* and *L'inganno felice;* 1981: *L'italiana in Algeri*, *Gazza*, *La donna del lago;* 1982: *Edipo a Colono* (a play with music), *Tancredi*, and *L'italiana;* and this year *Il turco in Italia*, *La donna del lago*, and *Mosè*. There are also concerts and recitals.

Each opera has a run of four or five performances: then there's a week's gap before the next appears—an inconvenient arrangement for visitors who hope to see more than one show. I saw *Mosè*—*Mosè in Egitto*, to give it its full title—in its second stage performance. Rossini composed the work, an *azione tragico-sacra*, for Naples in 1818, and the following year he added to it its most famous number, "Dal tuo stellato soglio," the Israelites' prayer before the crossing of the Red Sea. In 1827 he expanded and revised his piece for the Paris Opéra, as *Moïse et Pharaon*, and in this form, usually in Italian translation, it has had its modern revivals. The Welsh brought it to Sadler's Wells in 1965.

But five years ago the Sacred Music Society of America revived the original *Mosè*, in a New York concert performance, and made clear what a recording and now the Pesaro production confirmed: that, although the finest music of *Mosè* went into *Moïse*, the earlier opera is not an inferior work, only a different one. *Moïse* is dominated by the Exodus theme; all but one of the *Mosè* arias are struck out, and choral pieces, dances, and divertissements are added. In *Mosè*, the love of *Osiris*, Pharoah's son, and Elcia, a Hebrew maiden, is set against the Exodus events. (The tragedy from which Tottola drew his libretto was entitled *Ositide*.) The latter call forth Rossini's grandest, richest, and most beautiful music—starting with a wonderful, winding C-minor theme during the Plague of Darkness, turning to keys darker still, blazing at last into C major as Moses restores light. But the love music is arresting and beautiful, and in the later *Moïse*, as Philip Gossett has remarked, "the balance between the personal and the public, so carefully controlled in the original, is lost." *Mosè* contains some of Rossini's finest inspirations, and they shine even more brightly in the setting for which they were conceived.

There was a strong cast. Elcia, the Colbran role, was taken by Cecilia Gasdia, a 23-year-old soprano with a clear, attractive timbre, accurate musical instincts, and a pleasing personality. Last year she stepped in for Caballé at the Scala *Anna Bolena*, and in Florence she has sung Bellini's Juliet, Anne in the Russell *Rake*, and Nannetta in the Giulini *Falstaff*. She went on to do the French version, *Moïse*, at the Opéra. Osiris, the Nozzari role, was taken by Rockwell Blake, who is not much of an actor but negotiates Rossini's florid tenor music—which runs surprisingly low as well as high—more deftly than anyone else around, and does so in a manner both virile and graceful. Simone Alaimo, the Pharaoh, had a firm, gleaming high bass and a dramatic presence. Boris Martinovich, the Moses, was not quite so clean of focus and seemed rather less than magisterial; his unhappy costume, a sleeveless white shift, was no help. As Amaltea, Pharaoh's consort, Daniela Dessì had a great success with a beautiful aria borrowed from the early *Ciro in Babilonia* which Rossini included in 1818 but dropped in 1819.

One of the glories of *Mosè* is the orchestral writing, which is subtle, choice, and adventurous. It even includes (on the double-basses, at the death of Osiris) those snap pizzicatos the invention of which is commonly attributed to Bartók. Under Claudio Scimone (who had also prepared the edition), the London Sinfonietta, 53-strong for the occasion, was bright, clean, and sensitive; Andrew Marriner's long, lovingly phrased clarinet solo deserves special mention. Scimone conducted with uncommon feeling for the forms and the colours of the score, but he was a shade metronomic, unwilling to phrase by rubato as well as by accent and volume. He held the singers to the beat in places where they needed time to mould their lines. His "no applause if you please, but straight on with the next number" approach struck a modern, unauthentic note. It was all a little brisk, perhaps, but it was shapely and strong.

Pier Luigi Pizzi, both producer and designer, provided a simple, sober and effective staging: a constructed set of movable stepped ramps and floats, opulently coloured to seem crusted with lapis lazuli; gleaming gold costumes for the Egyptians; plain blocking for the chorus (the Prague Philharmonic Choir, in excellent voice); moves more decorative for a posse of lithe Egyptian warrior-pages. The Jews were in spotless white, looking as if they'd never built a pyramid in their lives—looking, indeed, more like an assembly of nurses and hospital orderlies. The Red Sea was all too plainly pieces of cloth agitated by people beneath them.

There's a lot to be said for simple, formal, modern productions, not fussy, not extravagant, focused upon the "essentials" of Rossini's greatness. In Naples as in Paris, he was an operatic reformer; and this presentation, musically and scenically, seized on the serious, noble aspects of *Mosè* and presented them seriously, with conviction, without camp or flummery—yet without neglecting the charm or the sheer excitement of vocal virtuosity. It belonged to another and better world than, say, Houston's *Donna del lago*, where a romantic and carefully constructed opera was reduced to twiddles and pretty tunes in a decorative frame. All the same, Pesaro might be an ideal place to essay some time a production in the manner of Rossini's day: with painted scenery, house lights up, and the orchestra not sunk into an anachronistic modern pit. Not a "museum" reconstruction, abuses and all, but one that aimed at what the composer might recognise as a superior realisation of his intentions, achieved in his own terms.

Meanwhile, gratitude for a production that revealed *Mosè* to be indeed the "bold, vast musical poem" that Balzac called it, that did much to explain the enthusiasm of his Massimilla Doni ("You German masters, Handel, Bach, yea, even you, Beethoven, kneel before it!"). Next year, Pesaro is to present *Il viaggio a Reims*, that "one-act opera lasting three hours" (so Paër said), composed for the coronation of Charles X in 1825 and unheard since 1848.

Pelléas et Mélisande/Geneva

Andrew Clark

Faith Esham and Jerome Pruett

Homage to Ernest Ansermet on the centenary of his birth has prompted some stimulating musical experiences this year in French-speaking Switzerland, the climax to which has been a new production of *Pelléas et Mélisande* at Geneva.

There is a mystique attached to Debussy's masterpiece, thankfully cushioned by its not-too-frequent appearance in the repertory, that places peculiar demands on a producer's — not to mention the audience's — sensibility. This staging at the Grand Theatre was a reminder of the work's elusive quality. It was well sung and acted, with a vivid evocation of the orchestral score. But the visual presentation, while superficially attractive, was too literal and specific to make the work seem more than the sum of its parts, and the attempts to explore deeper strata through dramatic symbols were few and ineffective.

The question of how far one wants to underpin the threads of fate and imprisonment in *Pelléas* is, of course, a moot point. Judging from the programme note, François Rochaix and his designer Jean-Claude Maret realise there is more to the work than aural beauty and an intriguing story-line. Yet, by and large, they left the audience to draw its own conclusions about the nature of human predicament lurking beneath the surface.

Their approach placed the drama on a simple, narrative pedestal, incorporating an intelligent blurring of the time-setting, and an unfussy personal direction of singers (though the last two scenes looked as if rehearsal time had run out). Some of this was suggestive of the opera's mythical, universal intent. Where the production failed was in its lack of humanity, atmosphere and dramatic contrast.

Take, for example, the scene where Pelléas fondles Mélisande's hair, draped from her castle window: The erotic flavour was completely missing. A more fundamental problem is Maret's concept of stage design. His clean, brightly-lit decor, with its simple, well-divided grouping of colour and formal straight lines was well suited to this production team's Britten cycle, but it has enjoyed no adaptation for Debussy. The perfectly-sculpted and proportioned colonnades of the castle interior and razor-edged green hedges of the grounds undoubtedly held an atmosphere of their own—but they and the other settings were too sharply-etched and too much of an undifferentiated family to complement the atmosphere of dreamy, subdued luminosity in the music.

No, the real merit in this production lay in the quality of musical performance. The straightforward nature of the staging allowed the orchestral score to be appreciated even more than usual, and what a score! Such transparence and haunting melancholy, creating far-reaching impressions through the subtlest shifting of harmony and gentle gradation of sound. Ansermet would have been proud of the way his orchestra performed: I have never heard the Suisse Romande play better. Jesus Lopez-Cobos conducted with more than his usual efficiency, revealing an idiomatic feeling for lyricism, colour and integrated texture, and a commanding grasp of pace and dynamic.

Barring Jules Bastin's shallow Arkel, the casting was just right: a 14-year-old boy as Yniold, Jocelyne Taillon repeating her experienced Geneviève, and Jerome Pruett singing with a suitably small voice of light timbre for Pelléas (though he is not much of an actor). Tom Krause as Golaud and Faith Esham's Mélisande, both new to their roles, gave most pleasure of all. Miss Esham struck the attractive shaft of ambiguity in Debussy's waif, alternating between child and woman, innocence and culpability, stubbornness and cunning. She sang with musical and dramatic character, though there is no need to sing deliberately off the note in the final scene.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

November 18–24

Theatre

PARIS

Trisha Brown in Son of Gone Fishing, Opal Loop and Set and Reset, followed by Karole Armitage, Jeffrey Lohn in Paradise. Theatre de Paris (280 0930)

Duke Ellington's Sophisticated Ladies in a musical by Donald McKayle and Michael Smuin. TMP-Chatelet (233 4444)

LONDON

The Real Thing (Strand): Susan Penhaligon and Paul Shelley now take the leads in Tom Stoppard's fascinating, complex, slightly flawed new play. Peter Wood's production strikes a happy note of serious levity. (836 2660/4143)

Daisy Pulls It Off (Globe): Enjoyable romp derived from the world of Angela Brazil novels: gym slips, hockey sticks, a clifftop rescue, stout moral conclusion and a rousing school hymn. Spiffing if you're in that sort of mood. (437 1592)

Noises Off (Savoy): The funniest play for years in London, now with an improved third act and a top-class replacement cast. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888)

Glengarry Glen Ross (Cottesloe): One of America's best playwrights, David Mamet, has a startling world premiere at the National Theatre in this superb Bill Bryden production of life among real estate salesmen. The language rocks and rolls through idiomatic salespeak with many a glancing reference to post-Nixon break-in paranoia (928 2252)

Hay Fever (Queen's): Penelope Keith continues her reign as the iron maiden of British showbusiness. Well-dressed and marcel-waved, she plays Judith Bliss in Coward's great comedy, presiding over charades and confusion in a Thames-side country house. (734 1166)

Little Shop of Horrors (Comedy): Tawdry, camp musical based on a 1960 *Roger Corman* B-movie about a man-eating plant which revives the fortunes of a Skid Row flower shop. The 1950s pastiche is a bit wan, but the lyrics sharp. The plant grows from cactus-like vulva to piscatorial, blues-singing peach. Ellen Greene repeats her off-Broadway performance which is something like Fenella Fielding only blonde and way over the top (930 2578)

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262)

La Cage aux Folles (Palace): Perhaps this season's outstanding musical comes, like Evita and Cats before it, at the very beginning of the theatrical year. Despite stellar names such as Harvey Fierstein writing the book and Jerry Herman the music, the best parts of the show are not the hoopla, apart from the first-act finale a la Gaîté Parisienne, but the intimate moments borrowed direct from the film. (757 2626)

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020)

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's ebullient and touching story of a drag queen from backstage to loneliness incorporates all the wild histrionics in between, down to the confrontation with his doting Jewish mother. (944 9450)

Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, a la Supremes, without the quality of their music. (239 6200)

Nine (46th St): Two dozen women surround Sergio Franchi in this Tony-award winning musical version of the Fellini film 8½, which like the original celebrates creativity, here as a series of Tommy Tune's exciting scenes. (246 0246)

On Your Toes (Virginia): Galina Panova with presumably a genuine Russian accent leads an exuberant cast in the remake of Rogers and Hart's 1936 sendup of Russian ballet tours, complete with Slaughter on Tenth Avenue choreographed by George Balanchine and directed, like the original, by George Abbott. (977 9370)

Brighton Beach Memoirs (Neil Simon): If he wasn't sure before, playwright Neil Simon can expect a long run of his funny as well as touching childhood reminiscence now that the Nederlander organization generously decided to name the theatre after the generation's outstanding box office draw. (757 8646)

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200)

CHICAGO

E. R. (Forum): Moving into its second year parodying melodrama in a hospital setting, this emergency room continues its adventures among a young doctor, a receptionist and an authoritarian nurse. (496 3000)

WASHINGTON

Noises Off (Eisenhower): Dorothy Loudon stars in Michael Frayn's comedy about the provincial run of a slapstick farce with lots of antics for a company that includes Brian Murray, Paxton Whitehead and Victor Garber. Ends Nov 27. (254 3670).

Beyond Therapy (Kreeger): Christopher Durang's romantic comedy has all the elements of modern singles life including meeting through the personal's column of a newspaper and a scene in a hip restaurant, but it reflects more than explores the shallowness of a surfeit of choices. Arena Stage (488 3300)

Saleroom

Antony Thorncroft

An important documentary Faenza dish by Baldassare Manara, produced around 1535, sold for £20,900 at Sotheby's yesterday in an auction of Italian maiolica and other continental pottery and porcelain which totalled £356,540, with 20.7 per cent bought in. The buyer was the London dealer Reiner Zeitz.

He also paid £17,600 for a Faenza albarello of the late 15th century, which had been estimated at around £6,000. A New York collector paid £17,600 for a Florsheim figure of a parrot, made round 1780, while a German private buyer acquired a Meissen group of lovers by Kaendler for £12,000. A pair of Fulda Turks of about 1770 went for £11,555 and a rare Ravenna dish of 1510 for £8,800.

In a sale of books, an ink and watercolour drawing of a girl in a landscape by K. Nielsen went for £4,730, while a Holy Bible from the Oxford University Press dated 1935 made a surprising £2,860.

Christie's sold Japanese works of art, with Japanese dealers the main buyers. A Kakiemon large gourd-shaped vase of the Kanbun-Enpo period (1661–81) sold for £45,360, within the forecast, and a rare Momoyama period (circa 1600) Christian folding lectern was also within its estimate at £32,400.

A Kakiemon model of an elephant of the late 17th century made £15,120, and a Momoyama period lacquered wood coffer £14,040.

At Christie's South Kensington on Monday night "The weighing room, Hurst Park," a racing scene of the 1920's by Sir John Lavery, sold for £26,000 – a record for the artist. It went to Pym's Gallery, London.

A George I export lacquer coffer on a stand made the top price of £13,000 in a sale of furniture at Phillip's, yesterday. A pair of Hepplewhite – period elbow chairs went for £10,500.

One of the most interesting lots to appear in the auction room for some time comes under the hammer at Sotheby's, in London, on December 6. It is the earliest complete pack of playing cards known to have survived. It dates from the late 15th century and probably comes from Flanders.

The four suits have hunting themes, but the kings, queens and knaves are present among the 52 cards. There are no aces or jokers (both 19th century inventions). The pack is in remarkably good condition, and an estimate of over £50,000 has been placed on it. Only three nearly complete packs have survived from the 15th century, and the current pack is unique.

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Wednesday November 23 1983

The cost of intervention

THE GOVERNMENT'S policy on inward investment was recently described by a former Secretary of State for Industry in the following terms:

"The Government is committed to maintaining and strengthening the operation of market forces in order to improve the country's economic performance. A free flow of inward investment contributes to this central policy objective by introducing additional productive capacity to compete with established sources in the UK and with imports, as well as to raise exports."

He went on to emphasise the dynamic impact of inward investment on both the quality and quantity of output and employment in Britain.

High technology

This is a classic justification for the liberal approach to direct investment by foreigners in the domestic economy. The problem lies in trying to square it with what is actually happening with inward investment in Britain today.

On the positive side the scramble for jobs at any cost that took place under the previous Labour administration has been tempered. Few Tories harbour ambivalent feelings towards multinationals, even though Britain is unusually dependent on inward investment: foreign-owned companies accounted for more than 14 per cent of employment, 20 per cent of net output and 21.5 per cent of capital expenditure in manufacturing at the turn of the decade.

But it does not follow from this that market forces are in the ascendant. If anything, the opposite. Ministers and their officials still talk about the jobs "created" by foreign investment; subsidies are still being doled out on a substantial scale; and there is a new emphasis on buying high technology investment, accompanied by talk of giving selective help to inward investors in areas such as robotics and informatics where Britain is thought to be deficient.

All this tends to be justified by politicians on the ground that when everyone else is playing a mercantilist game Britain has no option but to join in if it wants to generate growth and employment. And it is realistic to acknowledge that trade policy considerations, such as the desire to circumvent protectionist barriers, are bound to influence investment flows in ways that distort the allocation of resources.

But this does not amount to a case for subsidies, which simply increase the distortion; and it overlooks the fact that the purchase of jobs and technology transfer may carry a high opportunity cost.

Much of the experience in the 1970s appeared to indicate that many of the companies that produced lasting jobs did not need financial assistance anyway; those that do need subsidies are arguably proposing sub-marginal investments which by definition involve an inefficient allocation of resources. To the extent that discretionary grants are used, efficient companies through subsidised competition are penalised.

Those distortions are greatly increased when, as with the proposed Nissan car plant, there is a haggle over informal conditions on the proportion of component sourcing in the UK. Inward investment can hardly generate its full dynamic potential on local producers if it is conditional on protection for those producers.

Nor is the urge to back particular high technology sectors or individual plants easy to reconcile with this Government's supposed predilection for the market.

If the dynamic effects associated with inward investment are really to work, it is essential that the investment decisions should be dictated as far as possible by the structural features of the British economy and by market considerations, not grants. Education and infrastructure are a sufficient magnet to attract all the high technology ministers want. And the less discretion, whether in giving grants or imposing strings, the better. To allow political factors to play such a crucial part in the allocation of resources is a recipe for perpetual poor productivity and low real profitability in British industry.

Italy embraces its critics

ITALIAN treasury ministers and the Bank of Italy traditionally rely on external pressures to bring home to the rest of their government a grave economic situation and an urgent need for politically unpopular measures. Usually a balance of payments deficit, combined with a slide in the lira, provides the necessary pretext.

At the moment, however, the Italian authorities are in at least one respect the victims of their own success. The tough monetary measures which Italy has been applying for the past three years have at last borne some fruit: the balance of payments this year will show a current account deficit of only L2,000bn, less than a third of what it was last year. The Italian currency is for the moment reasonably stable inside the European Monetary System, and the first faint signs of economic recovery, thanks to export growth, are beginning to be felt.

IMF preoccupation

The trouble is that inflation, at 13 per cent, is still far higher than that of Italy's main competitors, and the internal factors that keep it high—the colossal public sector deficit and the indexation system—are still firmly in evidence. Italy cannot let its economy grow in line with the rest of Europe's recovery without risking higher inflation and weakening the balance of payments, as the price of imports rises.

But to do something about it when there is no crisis is difficult. So when Sig Giovanni Goria, the Treasury Minister, recently received a stiffly worded but confidential letter from the IMF warning of all these dangers and worse, he can hardly be blamed for handing out copies of it to as many newspapers as he could.

The IMF's main preoccupation is with the public sector deficit, which even if the Government managed to keep it to L90,000bn, or 15 per cent of GDP, next year, would still mean a big increase in the Government's accumulated debt and its crushing interest payment burden. In fact, said the IMF, the Government budget now being considered by Parliament, will not meet that objective anyway. If things go on like this, the Fund said, Italy might suddenly reach a point where the higher the interest rate the Government offered on its Treasury Bills, the less confidence the market would have that they would ever be redeemed.

The IMF's letter read like an indictment of the whole Italian political class in its long-standing unwillingness to face up to economic reality.

All Italian governments know this at the back of their minds. But 30 years of almost incessantly rising prosperity have left Italians with little experience of tightening their belts, and governments have done nothing to prepare them for it.

Sig Bettino Craxi's Socialist Party is only one of five in a coalition in which the biggest party is the Christian Democrats. Sig Craxi himself is torn between the desire to be a firm and decisive Prime Minister, which means doing unpopular things and preserving his party's left wing credentials.

So far Sig Craxi has barely been tested. The budget, announced at the end of September, was widely seen as the most stringent that was politically possible at the time—it included some small but significant cuts in pensions and social security payments. Now he must steel his Cabinet to take further measures to cut the deficit by another L10,000bn if there is to be any hope of meeting its own target for public sector borrowing in 1984. And next month he must start on the most sensitive issue of all: reviewing the *scala mobile* wage indexation system with a view to reducing its workings as the centre-piece of a long-promised Italian incomes policy.

The striking explicitness of the IMF letter, delivered not as part of a lending programme but as part of the normal IMF process of consultation, contains two messages. The first is that the economic medicine Italy has so far swallowed—the tougher monetary policy, the tinkering with the *scala mobile* last January, the "tough" budget announced in early October—has been no match for the scale of the disease. The second is that, in contrast to a number of other European countries, there is still no political agreement in Italy that the time for wishful thinking is over and that unpleasant choices must be faced.

Unless the Craxi government acts firmly this winter Italy may be coping with a crisis of mounting inflation and financial paralysis while several of its European neighbours have found their way to a modest rate of non-inflationary growth.

BRITAIN'S LABOUR LAWS

Now for the real test

By John Lloyd and Brian Groom

THE phoney war over the Government's employment law is over. Is the real one now beginning?

It looks like it, as the cases mount. Shell has—reluctantly—secured injunctions against pickets—though so far these have not scared them away and the company has not yet pressed its case. Mercury has been much more successful, in securing an appeal court decision lifting the secondary action against it by British Telecom engineers.

And now, potentially most explosively of all, the National Graphical Association has decided to defy both an injunction and a £50,000 fine for disregarding it.

This is very important, for more than one reason. First, the ambitious attempts by the Government since 1979 to circumscribe more closely the activities of unions by means of the 1980 and 1982 Employment Acts have until the present lacked major challenge: now, the pounding on both sides—still well short of maximum force—is getting harder.

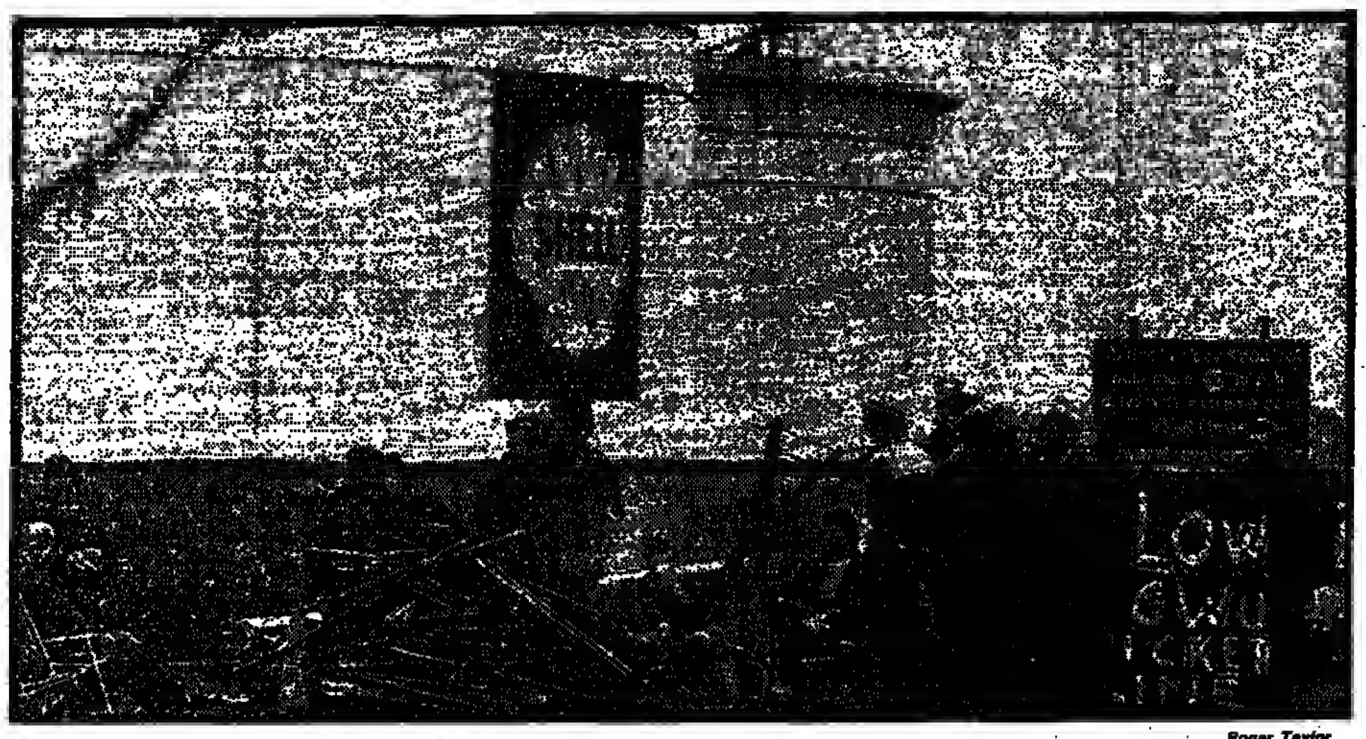
Second, the union movement is faced with a sharp dilemma. Committed by the watershed 1983 TUC Congress to attempt some renewed relationship with Government (and thus, implicitly, to refrain from an all-out challenge to its industrial relations law framework), the TUC General Council is now faced with calls for support for actions which breach the law and which, if continued, would defy court rulings.

Third, and perhaps most momentous, the traditional ground of British industrial relations may be moving. The practice of collective bargaining has been a voluntary one in the sense that the law has been kept out of it. Otto Kahn-Freund, the German emigré who illuminated many of the darker corners of Britain's industrial scene described this as "collective laissez-faire" — but it may now become more and more legalistic, as the law is seen (by employers) to work.

The phoney war saw some notable skirmishes

If the use of law is becoming more pervasive, the consequences will be far-reaching. As the panel shows the two employment acts of the Conservatives' first team were careful not to introduce any new legal structures, but fresh legal initiatives are now being pressed on Mr Tom King, the Employment Secretary, which would make procedure agreements (the rules governing bargaining and disputes) legally binding in some, or possibly all, industries.

Acceptance of this — a very large curtailment, if not the ending, of the "voluntary" tradition — will be made easier at least on one side of the bargaining table by the more ready use of the courts as the interim or ultimate arbiter of disputes, large and small.



Where the battle is being fought: pickets outside the Shellhaven refinery is Essex — Roger Taylor

The phoney war period — from the passing of the 1980 Employment Act to the 1983 general election — did see some notable skirmishes. A few cases taken by employers against unions were lost: more often, employers who sought injunctions against union action were successful in obtaining them.

The pervasive impression from the phoney war period, however, was that both sides refrained from either using the law firmly or from testing it fundamentally.

The unions, aware that their members were not enthusiastically supporting their anti-Government campaigns, were chary of testing their loyalty in breaches of the law: while the employers, conditioned by decades of "collective laissez-faire," abstained from resorting to the law in most of the instances where they would seem to have had good grounds for doing so. Voluntarism continued to rule, shakily: however, the employers' position continued to strengthen as unemployment continued to rise; and the unions' bargaining position weakened for the same reason.

Much changed after June 23 1983: most importantly, the unions made a public sign that their days of organised and total resistance to Government employment law were over.

Henceforth, until the labour market changed very markedly in the unions' favour once more, any union which wished to defy the law was to all intents and purposes on its own—unless it had picked a winner of a dispute (which most union officials have despaired of finding), or unless it could, more or less quietly, wear down its employer without making a fuss about it. In one of the three contemporary disputes where the law has been invoked, the union involved has done just that.

Shell's five-week refinery dispute has brought the kind of brush with the Government's labour legislation which union leaders dream about: an employer steeped in the voluntaristic tradition turned uncharacteristically to the courts—and has so far found the results largely ineffective in achieving its aims.

Four weeks ago Shell won a High Court injunction under the secondary picketing provisions of the Employment Act 1980. This restrained two shop stewards from the Stanlow refinery in Cheshire Mr Ian Smith and Mr Howard Jones, from picketing or organising pickets at the Haydock distribution terminal 26 miles away.

Shell's immediate objective—to demonstrate that the picketing was unlawful—was achieved. But the injunction has not stopped the picketing, nor encouraged delivery drivers to cross the picket lines. On the contrary, picketing has been spread to nine terminal across the country and has halted nearly half Shell's petrol and oil product deliveries.

Shop stewards argued that Messrs Smith and Jones were no longer involved in organising pickets. There was a comic interlude as Shell tried to serve the writs on the two elusive men. The company insists they have been properly served, though stewards claim they have not.

Shell now has four options: initiating contempt of court proceedings against the two men, claiming that they are still conniving in the picketing; taking out injunctions against hundreds of other pickets; taking out an injunction against the Transport and General Workers Union under the Employment Act 1982, now the dispute has been made official; and doing nothing.

This last course, which has been adopted so far, is likely to prevail. There will be a temptation to take further action if the dispute does not crumble this week and picketing continues, but further legal moves which could put stewards in jail are unlikely to lead to a negotiated solution.

The affair has not led Shell publicly or privately to condemn the weakness of the law. Nor does it rule out the use of specific legal provisions in future if it believes this would achieve its objectives.

Yet Shell is not the kind of employer which would use the legal blunderbuss simply because it was there. The company believes law is never likely to be more than a small part of its armoury of industrial relations tactics.

The events of the past few weeks may make Shell think twice before embarking on legal moves in future which could fail, and bolster strikers' confidence by creating the impression that the dispute was out of the company's control. Other employers may come to *the same conclusion*.

The Shell case perfectly illustrates the interim nature of the present position: managements, especially of large companies with established industrial relations practices, wish to preserve a voluntaristic tradition — albeit one in which the balance of power has clearly shifted towards the company, but not so far that any legal action it takes is bound to be successful, or without high risk. Again, Shell is a bread and butter wages dispute in a relatively healthy sector: the stakes are not high for either side.

They *were* high for Mercury: blacked by the Post Office Engineering Union, losing millions of pounds of potential business as customers who would have been attracted to its communications services stayed away, the company had little choice but to seek an injunction against the union.

Its victory two weeks ago in the appeal court was important for the company, even more important for the future of the Government's privatisation programme. The court, ruling on the 1982 Act for the first time, found that the POEU's blacking lay outside the narrowed scope of lawful action defined by the Act, since it was not "wholly or mainly" concerned with the conditions and terms of employment of workers, but was largely concerned with the imminent privatisation of British Telecom.

Henceforth, unions seeking to oppose de-nationalisation—which all do in theory—must be careful in their actions. While their members may fear for their jobs, and support the union's campaign as a result of that fear, the intention of the union will be held to be paramount.

Mercury also demonstrated the position the TUC is likely to take up when confronted with requests to support such actions. It will play as low a profile as possible: and it will tend to advise—where advise it must—the unions to pay up and keep quiet.

When the POEU, in the course of an emotional conference, confronted the decision of whether or not to obey the Appeal Court judgement, Mr Len Murray, the TUC general secretary, quietly sent a letter to Mr Bryan Stanley, the POEU leader, emphasising that his union would not be flouting TUC policies by observing the ruling.

However, the stakes have been considerably raised by yesterday's decision by the National Graphical Association not to pay the £50,000 fine levied on it last week by the Manchester High Court. The fine followed the NGA's refusal to end secondary picketing of the Stockport Messenger group after the company had won an injunction against the union's action; the NGA has fought hard to force the group to conclude a closed shop agreement with it, and to reinstate six sacked NGA members.

Many believe that the print unions, with their tough tradition of enforcing closed shops through secondary action, would be a prime target under both the 1980 and the 1982 Acts.

The NGA decision has raised the stakes considerably

Much hangs on the outcome of this case. A climbdown by the company, or even the payment of the fine by "anonymous businessmen," will leave the issue unresolved: but a climbdown by the union, or its defeat by the company and the courts, will confirm the emerging trend of bringing in the new law to redress the old balance of power.

The latter alternative appears more likely. The TUC will give no more than rhetorical support, and the NGA could find itself alone and exposed. If this proves to be the case, both Mr King and Mr Norman Tebbit, his predecessor and presently the Trade and Industry Secretary, will gain much comfort: the "step by step approach" towards a new legal framework will be seen to be working — though the NGA is likely to fight a long and bitter fight before giving in.

A new chapter in British industrial relations may be starting.

HOW THE LAW STANDS NOW

THE 1980 and 1982 Employment Acts did not propose new structures or practices: instead, they sought to narrow the scope of union action by:

- **restricting lawful industrial action to that relating wholly or mainly to wages and conditions;**
- **making most secondary actions—as picketing elsewhere than the workers' own workplace—unlawful;**
- **laying union funds open to legal action where the union supported unlawful action as defined by the two Acts;**
- **allowing employers to sack strikers more easily;**
- **making it more difficult to conclude or maintain a closed shop.**

Men & Matters

Little Acorns

Impressions of the Union Flag of the United Kingdom will flash across a long row of Acorn micro computers in the British High Commission, New Delhi, today when the Queen previews a high-tech gift she will present later to President Zail Singh of India.

This rather blatant piece of export marketing replaces the more usual gifts of silver plate and pictures customarily exchanged by heads of state on formal occasions.

The batch of computers was dreamed up by the publicity-conscious British minister of state for information technology, Kenneth Baker, following his visit to India two months ago.

Acorn has made its name supplying the popular BBC micro computer, and is also one of the companies on the industry department's select list of suppliers of micros to schools.

Acorn, and Baker, hope that substantial orders will follow the Indian gift, reflecting interest among Indian ministers and their civil servants in the UK micros' suitability for schools programmes.

India is only just starting to make wide use of micro computers. Acorn is believed to be talking to one Indian company about possible joint manufacturing agreements.

Perhaps to tempt the Indian government to realise the full potential of mass production of cheap computers the gift will consist of 30 machines and ancillary gear worth about £30,000.

"The ministry were wondering if you'd like to tender for a second Severn crossing"

Thatcher out

The beaches of the former Portuguese holiday resort of Goa will provide a welcome relief for the Commonwealth heads of government next weekend after a working week hedged around by high security in New Delhi.

Mind you, even in Goa they will be advised not to swim too far from the shore. Indian navy patrol boats will be waiting to scoop them up—or to ward off would-be intruders from the sea.

Meanwhile, our man in Delhi reports that the security there is overwhelming. For the next three days the delegates will be living in two large "safe" areas closed to all but holders of photo-passes, and surrounded by armed guards from the Indian police and the border security police, a para-military force.

The government-owned hotel—the Ashoka—which is inside the cordon has been modernised at a cost of some $7m during the past year and will house the heads of government.

But the idea of staying there in such a hectic throng of security and Commonwealth politicking was evidently too much for Mrs Thatcher to contemplate.

She has moved out to the quieter and more elegant surroundings of the British Hig Commissioner's residence.

For the better

A reader had an illuminating conversation recently with a teller in a Cheapside bank branch.

The branch has had a number of staff changes and the customer was prompted to say "Good heavens, not another new face behind the counter."

". . . Well, yes sir, we are always trying to make improvements here."

'Ello 'Ello

Two British computer firms, Microdata and ISIS, are "helping the police with their inquiries."

I am relieved to say this does not mean that the boys in blue are going through their books.

Working closely with the West Yorkshire metropolitan police, a force which has had more than its usual share of major crime lately, the companies have developed a crime investigation computer system in just one year. It is proving effective—four Midlands forces are now using it—and cheap at a rental fee of some £4,000 a month for the equipment and the back-up necessary while a big police inquiry is under way.

Microdata, which is a wholly-owned British subsidiary of the McDonnell Douglas corporation of the U.S., has a £40m annual turnover, and is still growing at some 30 per cent a year. ISIS Computer Services is at Bristol.

They claim that the importance of the crime package called MICA (major incidents computer application) is that it enables both witness statements and formally-indexed information to be compared and cross-checked.

The Home Office desperately wants a computer aid for police investigation and has provided £750,000 towards the development of a system called Miriam which is now being tried in Essex.

Direct competition to Miriam is being officially discouraged. But I understand MICA has received the official seal of approval because it is cheap, available, effective and can be officially regarded as an interim solution until the Miriam system has been perfected.

Fresh start

Antony Gibbs is one of the oldest banking names in the City of London, and there are bound to be regrets at Hongkong and Shanghai Bank's decision to change its name to Wardley.

But H and S wants to expunge the memory of Gibbs' debilitating losses and staff upheavals and to get its subsidiary off to a fresh start.

"It is really very sad to see the name disappear," says Roger Gibbs, who is chairman of Gerrard and National, the discount house. His father, Sir Geoffrey Gibbs, sold the bank in 1972.

David Gibbs, Roger's brother, who is on the board of the bank and lives in Australia, gave his approval for the name change, I am told. The only Gibbs who still works at the bank is Jeremy, son of Sir Humphrey Gibbs, the former governor of Rhodesia.

"Maybe someone will buy the name and keep it going," says Roger, hopefully. The answer to that is likely to be no. H and S do not want to sell the name, mainly because they need it for one or two businesses in far-flung places like Chile.

Big enough

A reader recently in Istanbul tells me that a sign on the reception desk at his hotel informed him that "We welcome you to the largest hotel of its size."

Observer

Britain's Foreign Secretary on the future of Europe

The time for decisions

By Sir Geoffrey Howe

SINCE JUNE of this year, the British Government and its partners in the European Community have been engaged in a negotiation crucial to the future of the Community and to us as members of it.

The Community is now bumping up against the ceiling on the revenue it can raise to finance its policies and programmes. That ceiling can only be changed by unanimons agreement among the member states and subsequent approval by every one of the national parliaments. As e result, the Community is, as the President of the Commission warned recently, in imminent danger of running out of money.

The positions taken up by different member states in the current negotiations can be easily summarised. The majority of our partners would

"We are not one of the Community's more prosperous countries"

like to raise the present ceiling on "own resources" — in plain language allow the Community to draw on a larger share of national tax revenues.

We have said that we are prepared to consider an increase in the Community's own resources, but would first need to be satisfied on two conditions.

First, there should be effective control of agricultural and nther expenditure; and second there must be an arrangement to ensure e fair sharing of the budgetary burdèn so that no country has to bear a share that is nut of line with its relative national wealth.

And that is the nub of the problem. Britain and the Federal Republic of Germany are the only countries which are net contributors to, rather than net recipients from, the Community budget. The Community's annual budget runs et a level of about £14bn. We make a net contribution of roughly £1.3bn.

But et the same time we are not one of the Community's more presperous countries, as are a number of the net beneficiaries. We therefore consider ourselves entirely justified in insisting that this inequity be remedied. Our partners now all agree. Over the last four years we have received refunds to compensate. We also all now agree that the time has come to put aside these *ad hoc* arrangements and to introduce a scheme that will last for as long as there is a problem.

Our scheme for solving the problem is a simple one. We have called the proposal a safety net because it would operate only in so far as Community policies did not in themselves achieve the right balance of fiscal justice between member states. Our scheme, and a number of other proposals put forward by member states, is now under intensive discussion. The argument centres on two issues. The first is about how big our budget burden actually is (the theological arguments about this make Canon Law look like child'e play and some of the devices resorted to are closer to alchemy than tn accountancy); and the second is about bow much of the burden should be relieved and in what way.

Wa argue that the only fair measure of the balance of disadvantage is the gap between our contributions to the Community budget and our receipts from it. The measure we have adopted is the one used by the Community since 1978. No-one has been able to suggest e fairer or better method.

Let me make one thing clear. We are not asking for the so-called *juste retour*, that bogey that every Brussels mother uses to frighten her children. We accept that we shall remain a modest net contributor. But we *are* asking that we should only contribute in accordance with our relative prosperity and on e par with other member states in a similar position. As to how the money ehould be paid, we believe that instead of the present system whereby the Community has agreed on refunds and made them available in the form of spending on individual projects (eg in the transport and energy sectors) a far better means, and one that would avoid annual rows both

"Contribute in accordance with our prosperity"

within the Council of Ministers and the Parliament, would be to make the refunds as a correction of revenue. In other words, the sum owing to us from one year would simply be deducted from our contribution in the next.

I believe that the case we are putting forward is gaining ground. Any other approach would simply lead us intn an annual repetition of the rows that have poisoned the Community etmosphere in recent years. It would be irresponsible, and indefensible in the House of Commons.

The unfairness of the Community'e present budgetary arrangements bears particularly harshly on the Germans and ourselves. But it also reflects a Community-wide problem, which has become most apparent in the workings of the Common Agricultural Policy. That policy has been an essential element in the Community's success.

It is not only farmers, including our own farmers, who have benefited but the consumer as well. The CAP has created a guaranteed supply of food products to the consumer which is an undoubted asset. But the methods devised to achieve these desirable aims, notably price guarantees and export subsidies, have become more and more costly because they have created incentives which have encouraged over-production.

Milk production, for example, has increased in the last two years by the equivalent of the weight of every man, woman and child in the Community. Yet demand is almost static and the large surpluses which the CAP encourages can now be disposed of only through costly storage or heavily subsidised exports, which barm trading relations with both developed and developing countries.

Unless we take remedial action the agricultural surplus will go on rising. Agricultural spending in the Community has risen this year by abont 30 per cent. Financing the CAP will soon eat up 65 per cent of the Community's total budget. This is far too high a burden on the Community tax peyer. It is also far too high if the Community is to have any resources to spare to deal with regional problems, with social problems, and with the encouragement of research and development at a European level as we believa it should do.

Britain has suggested that, when agriculture ministers take their decisions on tha annual package of price support and other measures, they should have to observe a strict financial guideline. This would ensure that agricultural expenditure should grow at a markedly lower rate than the growing total of financial resources availahle to the Community.

It should by now be clear that the present nagotiation is about means rather than ends. Successful negotiation of the immediate problems will certainly not lead us to lose interest in the further development of the Community. On tha contrary, in addition to the ideas that we have put forward about financing and agriculture, we have also tabled proposals that set a clear agenda for the Community'e future development. We believe that we must identify those sectors where cooperation on a Community scale would be more efficient, and more cost effective than action at the national level—and then work for Community action to hring about results.

For a start, the Community should ensure that it is a genuinely common market. We need to dismantle the administrative rules and differences in standards which slow np the operation of the Common Market for goods: liberalisation of lorry traffic alone would save about £220m a year. We should create conditions for genuine competition, in particular for air transport. We have hardly made a start nn a common market for services such as insurance.

There are also nther, newer challenges which the Community should be ready to meet on a coocerted and collective basis. I have in mind cooperative research and developmeot, particularly in the new industries and technologies. That is wby we support Community programmes such as ESPRIT, which will enable us to combine our expertise and inveotiveoess in information technology—on a scale which will make Europe folly competitive with the United States and Japan.

There are also many problems which cross national frontiers; for example, the avoidable risk from lead in petrol on which the UK has pressed for action to phase it out, and the effects of acid rain.

The Community, acting together, can often achieve results unattainable by individual member-states, with their limited national budgets.

"We shall remain a modest net contributor"

Energy is a prime example. We should develop our energy resources within the Community: this should include support for a viable solid fuels industry achieved by measures to encourage the economic productioo and use of coal.

Brinkmanship is a favourite game within the Community. Everyone fights their corner hard. We are doing so in this negotiation. But we have very firmly in mind the interests of the Community as a whole. That is the spirit in which we will approach the meeting of the European Council in Athens next month. We have no need to remind ourselves that it is the future of the entire Community that is at stake and not Britain's future in the Community. Last June'e election results settled that issue once and for all.

The Northern Ireland Assembly

The body blow that could prove fatal

By Margaret van Hattem, Political Correspondent

THE NORTHERN Ireland Assembly—so far the most concrete achievement of Mr James Prior's term as Northern Ireland Secretary—appears close to collapse.

The decision on Monday of the Official Unionist Party to walk out could, if sustained, prove a fatal blow. The OUP is the main voice of Ulster's majority Unionist community, and any assembly which does not include it cannot have much credibility in the long term.

But the OUP withdrawal has been a real possibility for a long time, one which tha British Government bas always had to take into account. It could be argued, and doubtless will be argued, that what really undermined the assembly from the the start was the ambivaleoce of Mrs Margaret Thatcher.

Prominent Unionists, such as Mr James Molyneaux, the OUP leader, and his mentor, Mr Enoch Powell, bave been bostile to the Assembly from the start. They saw it as a first step back to devolved government, and, as such, a threat to their goal of consolidating the union of Northern Ireland and Great Britain to achieve total integration of the province with the mainland.

Whila Mr Prior, most of his predecessors, his junior Ministers and most civil servants in the Northern Ireland office have long rejected integrationism as an impossible course, Mrs Thatcher has never publicly endorsed this view. In allowing her own views to remain ambiguous, she has encouraged the OUP leaders and their supporters to cling to the bope that, if the Assembly could be brought down, things would swing their way. Their half-bearted participation in the Assembly has been widely interpreted as a holding exercise, waiting for the right moment to pull out.

On Monday, Mr Molyneaux caught a tide of emotional reaction against the attack on a congregation in South Armagh in which three people were killed and seven injured. Even those in his party who are much more committed than he to the Assembly were persuaded to walk out. However, it is not clear how long they will want to stay out. And there remain considerable

Mr Prior: fragile plan

forces bolding the Assembly in place.

First, there is the Rev Ian Paisley, leader of the Democratic Unionist Party, who from the start saw the Assembly as a means of shoring up his political position. Since its inception, Mr Paisley has come in from the cold. Gone are the days of militant DUP supporters and members of his "third force" waving their firearms certificates on the chilly hillsides of North Antrim. Mr Paisley has assumed a statesmanlike manner, restraining his outbursts in the Commons and his attacks oo Mr Prior. Ha bas invested a great deal of political capital in the future of the Assembly and might lose a lot of face if it all ended in disaster. He might eee little optioo other than to return to the streets, this time more militant and bardline than ever before.

Secondly, there is a substantial number of OUP members who support the Assembly. It has given them their first chance to play some sort of political rola, bowevar limited, and at least the promise of a future taste of power.

Thirdly, there is the Dublin Government, and the Social Democratic and Labour Party, the main voice of the nationalist minority in Ulster, which has never taken up its Assembly seats. The SDLP lost all interest in the Assembly nnce the Unionists made it clear they were not prepared to contemplate power sharing. The SDLP has concentrated on the Dublin-based Forum for e New Ireland, in which it has been joined by the three main political parties in the South, in considering the options for a political settlement in the North. The Forum is not due to report until early in the New Year, but indications are that it has regarded the Assembly as part of the overall jigsaw into which it has beeo fitting new pieces. Although the collapse of the Assembly would not be a devastating reversal, it could make things more difficult and require some major rethinking. For it might suit nationalist plans to have the Unionists firmly established in an institution which they could dominate, and which would give them a secure and confident basis from which to begin to come to terms with the South.

Thus, though the Assembly has not achieved very much — indeed, security problems such as Sunday night's attack highlight its impotence and what critics would call its irrelevance —nevertheless many recognise its potential as a building block for future progress. It is easier for all concerned to use it as a starting point than to see it collapse and bave to begin all over again.

The OUP walkout has inevitably given rise to speculation and rumour in Northern Ireland concerning Mr Prior's future. However, this does not appear to be in any doubt. Mr Prior himself has firmly denied the rumours; he bas received strong support from Mrs Thatcher—and, indeed, ehe would appear to have little reason for moving him at this stage.

The collapse of the Assembly would be a blow and a great diseppointmeot to Mr Prior personally, as it would represent the destruction of everything be bas been trying to achieve.

But apart from a hard core of hardline Tories of the romantic right and Powellite supporters, most in Westminster bave been hroadly sympathetic to bis aims, if not his means. And none of his critics or his reluctant supporters has come up with a credible alternative. The Government would appear, at this stage, to have little choice other than to try to preserve the Assembly. But, if it is to do so, it must spell out from above in clear terms to the Unionists that the goal of integration is not a viable alternative.

Letters to the Editor

U.K. aerospace industry needs a strategy

From the National Organiser, Aerospace, Technical, Administrative and Supervisory Section, Amalgamated Union of Engineering Workers

Sir,—Your editorial (November 21) suggests that advanced gas-cooled reactors and Concorde were e fiop and the Airbus A320 will be the same, therefore Mrs Thatcher "is right to be sceptical." Are you inviting her to ditch Britain's aerospace and nuclear industries?

Britain's involvement in civil aircraft manufacture depends on a positive decision by Government to support with launch aid, the A320 and the V2500 engine.

Do we want in or out? When "Airbus Industrie" was set up, Britain opted out and then came back in, in 1979, accepting a smaller percentage share. Sir Austin Pearce, chairman of British Aerospace, has said: "If we come out again who is going to trust us in the future? Nobody. We are out." He is correct.

On the same day your paper reported that McDonnell Douglas is to pull out of the race, stopping work on the MD100, 90 and 3300. This means effectively that there are only two manufacturers in the world with a family of aircraft—Airbus and Boeing.

If Britain pulls out that leaves the field wide open for Boeing, in other words a monopoly. Over 10,000 workers in the British industry stand to lose their jobs — something my union would not be prepared to accept and would oppose.

What Britain's aerospace industry needs is a strategy and, dare I say, e planned approach for the future, one that brings together all aspects of the industry: airframes, engines, avionics, dynamics and carriers. British Caledonian is to be congratulated for buying the A320 which is more than can be said for the publicly-owned British Airways.

Your cotton wool approach of endless committees receiving information then asking for more and more, as well as views from all and sundry, would be a disaster. Especially if commercial viability was the core of decisions; commercial viability compared with what?

Your editorial quotes from Professor Henderson's report: too often "the only euthorised and acknowledged sources of expert advice are interested parties to a decision or etrongly predisposed to a particular course of action." Does the fact that someone is an "interested party" automatically negate their contribution? Could it not be that the "particular course of action" to which they are "strongly predisposed" is correct? Would a committee of experts automatically ensure an objectivity which would benefit the industry? I think not.

I would remind you that the BAe 146 has since its leunch been attacked and at one point in its lifn was only saved from the axe by the efforts of the trade unions in the indnstry. Only recently further orders were secured and its future looks excellent now that McDonnell Douglas has bowed ont of its 100-seater aircraft. Would your "institutional framework" have helped it—or strangled it?

The Government has tried at all costs to avoid the obvions —co-ordination, planning and public control to provide a secure long-term future. Even the Society of British Aerospace *Companies supports* two of these while being indifferent to the last.

Simply looking at the "major spending decisions" without first having a strategy for what you want to maintain and develop in the industry will always result in no decision. All progress involves some risk but the greatest risk of all is not to take any! That is the spectre facing the British aerospace industry on the A320, the ATP, the ACA, the new basic trainer.

Nerve, hecked by strong Government support, will be the only way to compete with the Americans, as history to date has proved.

C. Darke.
Onslow Hall, Little Green, Richmond, Surrey.

Capital gains tax

From Mr R. Goodrich

Sir,—Now that we are beginning to have some practical experience of preparing "indexed" capital gains tax computations, two things are becoming obvious.

First, it takes at least two or three times as long to do the computations, even assuming no complications such as rights sold nil paid etc. Thus what the indexation allowance saves may well be lost in increased eccountants' fees. Secondly, I suspect that it will not be very long before it becomes epparent that real gains are rather rarer *and smaller than some* would imagine. This will come as no surprise of course to anyone who has paid attention to your periodic Saturday graph showing the FT index adjusted for inflation. (Incidentally, what sort of mind conceived the idea that the benefit of indexation should abruptly terminate at the point where there ceased to be e gain?)

Taxation of capital gains was first introdnced (by the Conservative Government of the day) to catch short term gains, to tax the maker of the "fast buck." A colossal amount of time could be saved if capital gains tax was abolished, and instead 100 per cent of any gains—indaxation would not be necessary—made within 12 months and 50 per cent of any gains made within 24 months were charged to income tax under Schedule "D" Case VI.

R. M. Goodrich.
11, Hither Chantlers, Langton Green, Kent.

Radioactive discharges

From the Director, National Radiological Protection Board

Sir, — Professor Radford's letter of November 17 about the article by David Fishlock on the radioactive discharges from Sellafield adds very little to our knowledge and hardly calls for a reply. He attributed, however, "many errors" to Mr Fishlock, although he identified only one. Professor Radford sent results of measurements, not dust, to the board in 1981, but we do not seem to have mada this point clearly enough to Mr Fishlock.

On the specific point of house dust, the board is preparing a report to the Minister for Health, as called for by Kenneth Clark in a written reply to a Parliamentary question. Certainly radioactivity is measurable in house dust, but our initial assessments in 1981, and now rechecked, indicate that the radiation doses resulting from the continued inhalation and ingestion of the dust measured by Professor Radford would be very much less than those resulting from the natural radiation to which we are all exposed. It is still my view that the family concerned have been unnecessarily put in fear.

H. J. Dunster.
National Radiological Protection Board,
Chilton, Didcot, Oxon.

Battery production in the UK

From Dr J. Lee.

Sir, — Mr Campbell-Smith's account of the Hanson Trust take-over of Berec (November 14) makes interesting reading. Probing a little deeper however, into the manufacturing platform of the restructured operation leads me to the conclusion that Ever-Ready's future in battery production in the UK is still uncertain.

The long awaited alkaline launch, referred to in the article, involves e substantial amount of factored product imported from its competitors in Europe. Battery labels show products originating from Denmark and Germany.

Selling major portions of the business to competitors on its European doorsteps can only reduce Ever Ready's market and product volume requirement. This will begin to bite, perheps it already has as witoessed by short-time working in parts of the group.

(Dr) John A. Lee.
Old Rectory, Rectory Drive, Waddesden, Aylesbury, Bucks.

Ties do pinpoint a man

From Mr M. Henderson-Begg

Sir,—The tie thet the Chancellor of the Exchequer was wearing when he gave his autumn statement appears, from the photograph (November 18) to be remarkably like the Bank of England 1939-1979 Exchange Control tie. If so is Mr Lawson signalling an important message to the markets which bas yet to be picked up?

Michael Henderson-Begg.
66 Westbury Road, New Malden, Surrey.

Yet England has pride

From Mrs M. Dobson

Sir,—May I add yet another letter to the multitude yon will certainly be receiving from other Scottish, Welsh and Irish readers, pointing out that the Lions are a British—not English—rugby team. (Crossword Puzzle, November 18).

If, however, your compiler has inside information that the English Rugby Union intend to declare UDI, I am sure that the Celtic Unions would be delighted to add another game to the present annual season. In fact, such a match might well be the highlight of the year, and it would be most interesting to see how our common historical oppressors would stand up to o combined onslaught.

(Mrs) Margery A. H. Dobson.
23 Brunton Place, Edinburgh.

FINANCIAL TIMES

Wednesday November 23 1983

NEW FORECAST CONTRASTS WITH MORE OPTIMISTIC IMF LOAN ASSUMPTIONS

Brazil's GDP 'to fall by 6.6%'

BY ANDREW WHITLEY IN RIO DE JANEIRO

THE RECESSION in Brazil is deepening at a much faster rate than projected by the Government last month in the economic programme presented to its foreign creditors, according to two official studies leaked over the past few days.

The Planning Ministry's own "think tank," IPEA, is particularly gloomy, predicting an overall decline of 6.6 per cent in the gross domestic product this year. By August, it calculated, the economy had already slumped by 5.3 per cent.

A decline in GDP of this order would confirm 1983 as the worst year in Brazil for half a century.

In striking contrast are the relatively optimistic assumptions underpinning the latest domestic targets agreed with the International Monetary Fund, as part of Brazil's three-year economic adjustment programme.

These project that in 1983 and 1984, there will be no change in GDP in real terms. For this year, the calculations are based on a 4.5 per cent growth in agricultural output and only a small decline of 2 per cent in industry.

In Brazil's first two, aborted, letters of intent to the IMF earlier this year, the Government was assuming that 1983 GDP would decline by 3.5 per cent. For no apparent reason, by September – in the third letter of intent – the official figure had been revised upwards to zero.

A second study, conducted by the Finance Secretariat of São Paulo state – responsible for approximately 40 per cent of national output – confirms the general accuracy of the IPEA report.

Over the year to the end of September, output in São Paulo state fell by 4.6 per cent, based on adjusted sales tax statistics, with manufacturing industry particularly badly hit.

The IPEA report, by now probably in the hands of Sr Antonio Delfim Netto, Brazil's Planning Minister and economic overlord, likewise forecast a reduction of 10 per cent in manufacturing industry's output nationwide for 1983.

Even worse hit has been civil construction: not surprisingly, considering the freeze on new government projects and the continuing high rates of bank interest charges. A decline of 16 per cent is expected in this sector.

The squeeze on credit and earnings has also translated into a sharp decline in commerce, according to the "think tank." The fall in earnings to August was estimated at 5.9 per cent, and is projected to reach 7.6 per cent by the end of the year.

A few rays of sunshine percolate through the gloomy thicket of statistics. Mineral extraction provides the greatest hope, with a growth forecast for this year of 3 per cent.

The São Paulo report concluded, meanwhile, that at least in one state the bottom of the recession may have been reached in July. While continuing to deteriorate, it said the rate of decline in output had slowed down over the following two months.

Two general qualifications to the bleak picture presented by these studies are that the recession in Brazil is undoubtedly geographically very patchy – the Rio de Janeiro-São Paulo axis has been harder hit than, for example, the new frontier state of Mato Grosso – and that the unrecorded, parallel economy shows all the signs of flourishing.

Yugoslavia seeks standby credit from IMF, Page 3

Moscow disowns missile reduction proposal

By Bridget Bloom in Brussels

U.S. AND SOVIET negotiators meet again in Geneva this morning in what Western officials say could be the last session in the current talks to limit nuclear weapons in Europe.

Senior Nato officials of the special consultative group restated their hope after a meeting yesterday that the Geneva talks would continue, but officials privately admitted that Nato governments are baffled by Soviet behaviour over the last 10 days.

The group spent much of the afternoon discussing events in which Moscow apparently made an informal proposal, denied that it made the proposal and then said it was actually the U.S. which put the proposal forward.

According to Western officials yesterday, Mr Yuli Kvitsinsky, the chief Soviet negotiator, asked for an urgent meeting with Mr Paul Nitze, his U.S. counterpart in Geneva, on Sunday November 13. Mr Kvitsinsky said that if the U.S. were to propose equal reductions in the actual or proposed numbers of missiles of the two superpowers stationed in Europe, Moscow would accept. Moscow would also be prepared to waive its insistence that the British and French nuclear forces should be included in such an agreement although they could, he said, be covered in another forum.

By questioning, Mr Nitze apparently established that Moscow had in mind that each side should reduce by 572 warheads. This is the number of cruise and Pershing 2 missiles which Nato proposes to deploy – so the Western alliance would be left with none.

The Soviet Union, however, would be left with about 120 missiles (with 360-366 warheads). This would be arrived at by subtracting 572 from 938 – a total made up of 729 warheads on the 243 three warheaded SS-20s facing Europe and 209 warheads on the remaining SS-4 missiles.

Officials in Geneva say the proposal was originally leaked by the Russians. However it became public, this seems to have been the spur for Moscow to deny its paternity through Tass, the Soviet news agency, on Thursday last week.

Then on Friday, in what Nato sees as a concerted effort, Soviet ambassadors in London, Bonn, Rome and some other Nato capitals informed governments there that it was the U.S. that had put forward "potentially interesting" informal proposals in Geneva.

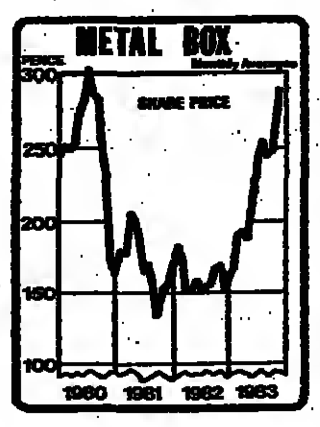
This, the Soviet ambassadors declared, would leave Moscow with 120 missiles which, they added, would be an approximate counter to the British and French nuclear forces.

Nato's explanations for this confusing Soviet behaviour range from the "conspiracy" theory that Moscow is attempting to throw Nato off balance in the last critical days of the negotiations to the theory that the confusion stemmed from Moscow itself, principally as a result of the illness of Mr Andropov, the Soviet leader.

THE LEX COLUMN

Metal Box starts to Can-Can

The pace of events has apparently forced some not so subtle changes in the Government's approach to the Stock Exchange. In marked contrast to his predecessor, the Trade and Industry Secretary was yesterday keeping a very open mind on single capacity and was even stitching together a welcome mat for foreign institutions. That is probably just as well since at present they seem the only group doing anything positive for the endangered species of British stockbrokers. Yesterday, Exco and Wood Mackenzie called off what, by recent standards, has been a very long engagement.



Metal Box

The alpine climb of Metal Box shares this year – they have virtually doubled to stand at last night's 1983 peak of 288p – shows that the market no longer sees anything odd in thinking optimistically about tin cans. With profits for the six months to September of £34.5m before tax, and the first whiff of dividend cover for some time, Metal Box is making a good job of fighting back into favour.

The years of hacking away at its UK business are bringing Metal Box's can-making capacity into some sort of balance with demand, at a heavy price below the line. Food cans are a terminally shrinking market, and production here may need more trimming yet, but enough beverage can lines have now gone for the remainder to be working a profitable 168-hour week. Even so, the operating margin on open-top cans was a barely respectable 6 per cent in the first half.

At least the beverage can market is now likely to be reasonably stable. Metal Box is luckier than some large engineering companies in that although its market is much more competitive than at the beginning of the recession, it is still there; and Metal Box remains one of the established players.

With its profits well sheltered from the taxman, Metal Box is probably valued at not much more than five times prospective 1983 earnings. While this rating reflects the limited growth now available from cans, it does leave some scope for recognising any success that Metal Box has in its new "market oriented" guise.

Amersham

Amersham International shares have done little but disappoint since the initial excitement of the privatisation in February last year. Last night, they stood at 228p, no higher than in the summer of 1982. The supposed threat to its business from the massed ranks of smaller manufacturers of medical diagnostic kits with no radioactive content has in effect excluded Amersham from the joys of the bull market.

Yesterday's interim pre-tax profits, up from a restated £5.3m to £8.5m, suggest a more convincing basis for the downgrading. Amersham's technological strengths are not about to eclipsed – but they require generous R and D budgets and seem less likely to provide quantum leaps in profitability than a firm but steady profits growth.

This may not be exactly what the doctor ordered in Amersham's early days in the market. But the prospect of 20-25 per cent growth ought to be sufficient support for the shares at the current level which implies a P/E level of 13½ for 1983-84 pretax profits of £14m taxed on the indicated basis.

Volkswagen

Analysts of the Volkswagen Group had been hoping before yesterday for a return to group net profits in 1983, but the third quarter has put paid to that. The good market reception and relatively trouble-free production take-off for the new Golf model have been overshadowed by further calamities in Latin America – where industrial relations strife has now compounded the difficulties heaped on VW by general inflation rates, which always seem one step ahead of the group's own price increases.

Some encouragement can be drawn from the 3 per cent jump in VW's car production in the latest three months, which contrasts with the 13 per cent fall in the first quarter, while the sales and profits figures for the third quarter alone are not really comparable with any other quarter: VW has been intent on pushing out its stocks of old Golf models, without much regard for margins. But the worldwide group's net loss for the nine months to September has risen from DM 146m to DM 247m and this was sufficient yesterday to trigger a sharp reaction on the Frankfurt stockmarket.

The group's U.S. operations are still strengthening and a turnround remains in prospect for 1984. In the meantime, though, there seems little chance of a dividend this year and worldwide losses could yet emerge close to DM 100m.

Burton group

Disappointment at the eleventh-hour escape of John Collier and Richard Shops was visible in every line of yesterday's preliminary statement from Burton Group. The company has added to its cash balances, even after a leap of 74 per cent in capital spending, which puts paid to any notion that the deal would have left it financially stretched, while the remarkable trading margins achieved suggest that Burton has indeed found a formula which it can apply to acquisitions.

Profits for the year to August have risen 61 per cent to £39.1m on a 29 per cent increase in sales. Since new space accounted for only 5 per cent of the turnover growth and price increases were kept broadly in line with the retail price index, Burton has obviously managed to push significantly more volume through its existing stores. This has shown through in a two-point rise in the trading margin to 12.6 per cent.

Burton should have seen a cracking start to the new year, but if it hopes to maintain anything like its recent pace, it will also need substantial physical expansion. Adding stores one by one is all very well but the group must be looking hard for another opportunity like UDS. After last year's run, the shares are now making more sober progress and, at 376p last night, stand on a p/e of 9, applying a 30 per cent tax charge to prospective profits of £50m.

Exco talks with Wood Mackenzie collapse

By John Moore in London

EXCO INTERNATIONAL, the UK-based money broker and financial services group, has broken off talks with Wood Mackenzie, the Edinburgh-based stockbroker, after failing to agree points of principle over the acquisition of a 29.9 per cent stake.

Failure of the discussions marks the first public setback in the realignment of London's financial community after the deregulation of the stockmarket by the British Government.

The negotiations, which have occupied three months, foundered over differences of attitude between the two sides over how Wood Mackenzie should develop once a link with Exco was formed.

Both sides agreed not to discuss the background to the failure, but at the centre of the rift is the contrast between the more entrepreneurial style of Exco and Wood Mackenzie's analytical approach to the securities business.

Wood Mackenzie said the door still remained open to a possible link with an outside financial group.

Mr John Chiene, senior partner of Wood Mackenzie, said the firm was not currently in talks with any other outside financial group "but we do not rule out the possibility of further talks with someone else."

Talks between Exco and Wood Mackenzie never reached a stage where price was discussed and only remained at the "exploratory" stage after four meetings.

Exco wanted to use Wood Mackenzie and its research in a much more market-orientated way, utilising the group's connections with Telerate, the computerised information service. This could transmit research information instantaneously between international markets, providing a rapid service for clients.

Iraq uses Exocet missile to sink merchant ship in Gulf

BY RICHARD JOHNS IN LONDON AND ANDRIANA IERODIACONOU IN ATHENS

IRAQ has sunk a Greek-operated merchant vessel leaving the Iranian port of Bushire in an action involving the first confirmed and successful use of an Exocet missile in the Gulf War.

The strike raises the possibility that Iran might fulfil its threat to close the Strait of Hormuz to oil traffic. Tehran had warned that it might take such action if Iraq deployed its Super Etendard aircraft recently supplied by France and providing the only method of using the Exocet.

Iran's warnings of retaliation have so far been linked to any attack on its oil installations. Nevertheless, the strike at the Greek ship could prove to be a dangerous escalation of the conflict.

The Antigoni of 12,550 dwt was hit as it left Bushire late on Monday night. The crew of 19 were all saved and were last night staying in Tehran before returning to Athens via Paris.

News of the sinking received by Lloyd's was confirmed last night by S. Stravelakis of Piraeus, the operators of the vessel, which is registered in Panama under the name of Cia Nav. The Greek Merchant Navy Ministry in Athens also confirmed the sinking. Both said that the Antigoni had been hit by an Exocet.

The vessel had delivered a cargo of sheet steel. It would have been insured for about £2.5m ($3.67m) according to London brokers, who said that there had been no recent change in war risk premiums and other terms.

Surprise was expressed that a hit had been made as far away as Bushire, which is about 350 km from the nearest Iraqi territory.

Bushire is also 60 km further away from the oil terminal at Kharg Island. Thus, the attack showed that Iran's main oil terminal was within Iraqi range and clearly indicated use of a Super Etendard as the means of delivery.

Diplomatic oberservers were puzzled why the target – if it was the intended one – should have been a cargo vessel leaving Bushire rather than large tanker in the vicinity of Kharg Island.

One possible explanation was that the attack was a graduated escalation aimed at increasing the tension and persuading Iran to engage in peace talks in line with the recent UN Security Council resolution of October 31.

Alternatively the target could have been a mistaken one in circumstances similar to those in which an Exocet fired by the Argentinian air force hit the Atlantic Conveyor rather than the Hermes aircraft carrier during the Falkland Islands conflict.

Biggest U.S. tax fraud case 'may involve $65m loss'

BY TERRY DODSWORTH IN NEW YORK

"BOGUS, prearranged, fictitious and manipulated": A 63-count indictment so describes the alleged financial manoeuvrings involved in a record-breaking tax fraud case.

In the largest criminal tax fraud case yet brought by the U.S. Government, five men are being charged with setting up a system that allowed almost 90 wealthy customers, among them many well-known entertainers and some Wall Street personalities, to avoid taxes on their substantial incomes.

According to Mr Robert Giuliani, the U.S. attorney for the southern district of New York, the amount of taxes lost may amount to around $65m. This is half the $130m which is alleged to have been passed on to clients, all in the 50 per cent tax bracket, as deductible losses against income tax.

Mr Giuliani said that while there was no evidence of wrongdoing among the recipients of the tax losses, their returns were subject to audit by the Internal Revenue Service and to the recovery of taxes and interest.

The way the scheme is claimed to have worked is relatively simple in outline. The celebrity clients – who are said to include Mr Sidney Poitier, the actor, and Mr Norman Lear, the television producer – were either customers of, or partners in, two companies set up by the defendants.

The function of the two companies was to establish documentation which reflected fictitious trades in government securities, thus establishing losses that could be passed on to the clients for allowance against income tax, according to the indictment. No genuine trading was done by either of the two companies, it claims.

Lawyers for the five defendants in the case have contested that the charge of conspiring to defraud the IRS is unfounded, and the partners conducted their business in a proper and lawful manner.

The five are at liberty at present, and have until the beginning of next month to decide how they will plead. If they enter pleas of not guilty, the case will go forward into a full courtroom battle, which may well generate some hefty lawyers' fees in 1984.

Missiles ready for delivery

Continued from Page 1

the SPD for going back on e policy that its former Chancellor Herr Helmut Schmidt, had helped to initiate.

Herr Brandt rejected charges that the SPD wanted the Federal Republic to leave Nato, and accused the Government of sacrificing German interests to be "the alliance's prize pupil." He said the political situation had changed since 1979 and warned of serious consequences from the stationing of the missiles.

Outside the Bundestag, a hundred or more demonstrators kept up a candle-lit vigil after the vote. Elsewhere in West Germany, as many as 10,000 people had demonstrated yesterday against the missiles.

Time abandons teletext experiment

BY PAUL TAYLOR IN NEW YORK

TIME, the U.S. publishing, information and entertainment group, has decided to abandon its experiment with teletext and will not now introduce a commercial service next year as planned.

The announcement is the latest in a series of blows to the fledgling teletext market in the U.S. Teletext is a way of providing information, such as general and sports news, to subscribers on television sets equipped with a special decoder. Unlike videotex, which provides for two-way communication via telephone lines enabling services such as home banking and shopping to be provided, teletext allows "view only" transmission using cable TV systems or broadcast.

Time is one of the pioneers of the industry and is reported to have invested at least $25m in its teletext experiment. The company said it had decided to abandon the venture because it felt the economics of the service were "just not right" at the moment.

The company said its decision to pull out of the experiment would affect about 100 employees who have been developing the service, but added that some of the employees would be retained to study other opportunities in electronic publishing. Time added that its fourth-quarter results would not be materially affected by the decision.

Time had been experimenting with the service on cable systems owned by another of its subsidiaries in San Diego, California, and Orlando, Florida.

The company is already trying to find jobs elsewhere in the group for another 250 workers laid off when it closed its TV cable weekly magazine in September.

Time's decision to abandon teletext is the latest indication that earlier hopes for the service are failing to match expectations. Teletext had been expected to become a mass market and to help bolster the U.S. cable TV industry's revenues and profits. But high equipment costs, coupled with the added advantage of videotex and new interactive cable systems, have dampened enthusiasm for the service.

CBS and the National Broadcasting Company, which had announced teletext services earlier this year, have scaled down their efforts. Taft Broadcasting, another U.S. cable television company, has a teletext system in Cincinnati which has apparently met with a muted consumer reaction.

Power study ordered

Continued from Page 1

The idea of a major trade in electricity, however, is bound to raise hackles, both politically and in the electric power industry, where jobs and an individual power utility's right to pre-eminence in its own domain would be at issue.

Electricity transfers offer the Commission one possible means of further reducing oil consumption, which has fallen from 61 per cent to 49 per cent of EEC energy use since 1973.

Oil and gas still account for about 30 per cent of the fuel used to generate electric power in the EEC.

One underlying problem for the study is the difficulty of assessing reliably the scale of overcapacity in electricity supply.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	19	66	Dubrovnik	S	11	52	Malaga	F	22	72	Salzburg	S	2	36
Akrotiri	F	21	70	Faro	F	20	68	Malta	–	—	—	Seoul	F	15	59
Algiers	F	22	72	Florence	S	14	57	Manila	C	28	82	Singapore	R	30	86
Amsterdam	C	5	41	Frankfurt	S	4	39	Miami	S	26	79	Stockholm	S	-5	23
Athens	C	20	68	Funchal	F	20	68	Milan	Fg	4	39	Strasbourg	S	2	36
Bahrain	S	27	81	Geneva	S	3	31	Moscow	Sn	-2	28	Sydney	S	23	13
Bangkok	S	29	84	Gibraltar	C	19	66	Munich	S	0	32	Taipei	C	23	73
Barcelona	C	14	57	Guernsey	F	5	40	Nairobi	-	—	—	Tangier	C	20	68
Beirut	C	25	71	Helsinki	S	-8	18	Naples	S	16	61	Tehran	-	—	—
Belgrade	S	5	41	H. Kong	S	25	77	New Delhi	-	—	—	Tel Aviv	S	22	72
Berlin	C	2	36	Innsbruck	S	3	37	New York	F	17	63	Tenerife	F	27	81
Biarritz	C	13	55	Inverness	C	5	41	Nice	S	16	61	Tokyo	F	14	57
Blackpool	S	1	34	Istanbul	R	10	50	Oporto	D	17	63	Toronto	F	11	52
Bordeaux	S	7	45	Jersey	S	7	45	Oslo	Sn	-4	25	Tunis	F	21	70
Brussels	S	6	43	Jo'burg	S	25	77	Paris	S	5	41	Valencia	C	19	66
Budapest	F	2	36	Las Palmas	F	22	72	Prague	S	1	34	Venice	S	9	48
B. Aires	F	19	64	Lima	–	—	—	Reykjavik	C	5	41	Vienna	S	4	39
Cairo	S	25	77	Lisbon	C	18	64	Rio de J'o	C	32	90	Warsaw	C	-1	30
Cape Town	-	—	—	Locarno	S	5	41	Rome	F	17	63	Zurich	S	2	36
Caracas	S	29	84	London	S	5	41								
Casablanca	F	21	70	Los Angeles	F	16	61								
Copenhagen	S	2	36	Luxembourg	S	1	34								
Corfu	F	16	61	Madrid	C	14	57								
Dublin	C	5	41	Majorca	C	17	63								

Readings at mid-day yesterday:

C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Executives quit SMH

BY JONATHAN CARR IN FRANKFURT

TOP MANAGEMENT changes have been announced at Schröder, Münchmeyer, Hengst (SMH), the West German private bank saved from collapse in a dramatic rescue operation earlier this month.

SMH said its four personally liable partners – Count Ferdinand von Galen, Herr Hans Lampert, Herr Hans Hermann Münchmeyer and Herr Wolfgang Stryj – have now formally quit the bank's executive.

The move had been awaited since November 3 when other German banks rallied round with more than DM 600m ($221.8m) to save SMH, which had seriously over-extended its lending.

The banks are now having to boost the sum by more than another DM 100m to cover risks not known when the initial aid was given.

SMH is now being run as a limited partnership by the banks which put up the rescue money. The managers of the partnership are Herr Peter Geschke, from Dresdner Bank, Herr Dietmar Kraft, from the Federal Association of German Banks, and Herr Norbert Schiffer.

European bid to outlaw unitary tax

Continued from Page 1

subsidiaries has yet to be determined.

Mr Robert Smith, Crisis executive director, said in Washington yesterday the group's aim was to persuade President Reagan and Congress to introduce legislation which would outlaw unitary taxation by individual states.

In June, the U.S. Supreme Court ruled that states had the right to impose unitary tax. California taxes a proportion of a company's worldwide profits corresponding to the proportion of its assets, payroll and sales in the state.

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SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Wednesday November 23 1983

BASF lifts profits and calls for capacity cuts

BY JOHN DAVIES IN FRANKFURT

BASF, the West German chemicals group, has sharply boosted profits as a result of improved sales and cost control measures.

In line with the general recovery of major international chemical groups, BASF has lifted worldwide pre-tax profits by 57.4 per cent to DM 1.05bn ($388.2m) in the first nine months of this year. The parent company's pre-tax profits rose 49.2 per cent to DM 588m.

In other developments at BASF:

- Dr Hans Albers, chief executive, warned that some European chemical producers seemed to be postponing cuts in capacity in some areas, even though new petrochemical plants in the Middle East would provide intense competition from the mid-1980s.
- The company is to set up a research institute in North Carolina at a cost of DM 40m to boost its crop protection interests in the U.S.

BASF increased its world sales revenue by 6.7 per cent to DM 27.5bn in the nine months to the end of September, while the parent company's sales were up 9.6 per cent at DM 12.3bn.

Pre-tax profits for the first nine months exceeded those for the whole of last year.

Dr Albers said the main sales impetus had come from West Germany, Japan and increasingly from North America. Weak spots remained, however, in countries with currency and debt problems.

He said all types of business except fertilisers produced better results than last year, although oil refining, some plastics operations and some industrial chemicals production still made losses.

Dr Albers said increased sales had improved capacity utilisation. The group was also reaping the benefit of restructuring measures in problem areas and other steps to control costs, including stock reduction.

Costs of raw materials had been less of a burden earlier in the year, but some costs were rising again and putting margins under pressure, he added.

Looking to the mid-1980s, Dr Albers said new petrochemical complexes in the Middle East and Canada would intensify competition. Despite that, some European producers seemed to be putting off long overdue cuts in plastics capacity.

He criticised the European Commission over investigations of alleged agreements to raise some plastics prices. The EEC should instead be pressing for n cut in subsidies that maintained excess capacity in some countries, be said.

Dr Albers said BASF was trying to get a firmer foothold in crop protection in the U.S. by setting up a research institute for soya, maize and cotton in North Carolina.

BASF officials said the institute would be built during the next two years and would employ 80 to 100 people.

Dr Albers avoided n dividend prediction, but said the company expected the sales increase of the first nine months to continue during the last quarter of the year.

Earnings for U.S. toy group up 28%

By Terry Byland in New York

TOYS R US, the leading U.S. toy retailer with 169 stores, pushed earnings ahead by 28 per cent to $8.1m or 11 cents a share in the third quarter of this year, helped by "strong traditional toy sales," said Mr Charles Lazarus, chairman and chief executive.

The company announced two weeks ago that sales of video games and home computers had been reduced to 13 per cent of total sales in the third quarter, from 19 per cent in the comparable period.

Net sales for the quarter, including those from 25 new toy stores as well as from the group's four department stores and two children's clothing stores, gained 18.2 per cent to $220.7m in the quarter. On a comparable basis, however, toy sales gained only 5 per cent.

At the nine-month stage, Toys has earned $18.5m or 33 cents, a gain of 58 per cent. For the full year, Wall Street has predicted a gain of 35-40 per cent on last year's earnings total of $84.2m. Sales have gained 24.2 per cent to $610.4m so far this year.

The board commented that profit margins benefited in the third quarter from the reduction of electronic games and computers in the sales mix. Margins rose by 1.2 per cent in the quarter and by 0.4 per cent in the nine-month period. The slower rate of sales growth also reflected the reduction in the electronic sector, which last year enjoyed a boom period.

AUSTRALIAN VENTURE INTO OVERCROWDED U.S. SECURITY TRANSPORT SECTOR

Armoured car industry in a jam

BY WILLIAM HALL IN NEW YORK

THE DECISION by Mayne Nickless, the Australian transport group, to take over Purolator's U.S. armoured car business will catapult it into the number two position in the U.S. armoured car industry, which transports billions of dollars a day around the country.

Although this is Nickless' second major acquisition in the U.S. armoured car business (it bought Loomis in late 1979), the decision to strengthen its position in the industry has raised a few eyebrows. Competition is fierce, there is little growth in the traditional armoured car business and existing companies are busily diversifying into other areas of the security industry.

Brink's, the market leader, describes the business as very mature and suffering from fierce competition from new entrants. Its operations, employing over 5,000 staff and 1,500 armoured vehicles span the U.S., but in common with the other three big traditional U.S. armoured car companies – Wells Fargo, Loomis and Purolator – it has been faced with severe competition and price cutting from smaller companies which have been able to enter the industry following the deregulation of the U.S. trucking industry.

But Mr Ian Webber, Mayne Nickless's managing director, said in Melbourne yesterday that he was not worried by suggestions that the market was already well developed. "True, it's mature. But formerly it was also fragmented. Now it is much more stable."

The rapid growth in automatic teller machines at places outside traditional bank branches has proved to be a bonanza for the armoured car companies, which are required to keep the machines full of cash, processing coins and notes for the commercial banks is also proving to be an expanding area for many companies, which are taking over the cash handling activities traditionally done by the big banks.

"The conventional wisdom that maintains that the threat of plastic cash has undermined demand for armoured car deliveries is just plain wrong. The amount of money being moved in the U.S. is greater than ever," said Mr Webber.

However, the position of the old-established companies has been undermined by competition in the U.S. insurance industry, which has made risk insurance readily available to almost anyone. "For many years large carriers had the best insurance available," says a Brink's official. This gave the big security companies an obvious advantage.

THE BIG U.S. ARMOURED CAR COMPANIES

	Annual revenues* ($m)	Parent
Brink's	238	Pittston
Loomis	115	Mayne Nickless
Wells Fargo	102	Borg-Warner
Purolator	90	Purolator

* Latest available
Source: Company reports

now smaller operators with one or two trucks can get adequate insurance which, although less comprehensive than that offered to the big operators, is adequate for many customers anxious to cut costs.

Some companies, such as Brink's, have been diversifying overseas, where demand for traditional armoured car operations is less fierce. Around half its 3,000 armoured car fleet is now to be found outside the U.S. For others, including Purolator, the industry has become too competitive. It is looking for businesses that are a little less mature and have more growth potential: hence its decision to sell its armoured car business to Mayne Nickless.

Mr Webber said the acquisition should dovetail neatly with existing operations in North America, though it would also offer operating economies.

"We are already a major supplier of armoured car services in Canada, the U.S., Australia and increasingly the UK. In the U.S., we believe the current climate of deregulation will make life increasingly difficult for regional operators to withstand competitive pressure. In addition, we wanted to increase our presence in the U.S."

One side effect of deregulation is a surge in armoured car robberies in the U.S. Brink's says that 1982 was the worst year yet from a security standpoint.

The small operators bave incurred the majority of the losses and Brink's, in line with its bigger competitors, is pressing for tigbter security standards.

Ailing Amfas ready to accept takeover offer from Nat-Ned

BY WALTER ELLIS IN AMSTERDAM

NATIONALE Nederlanden (Nat-Ned), the largest Dutch insurance group, has acted quickly to confirm its interest in acquiring Amfas, its ailing smaller rival.

It announced yesterday, only one day after the issue of a takeover arose, that it was considering making a public offer for Amfas's ordinary shares in the form of half of one of its own shares plus Fl 70 ($23) for every Amfas certificate.

It is understood that Amfas will accept the bid if the Dutch takeovers commission and the company's works council agree.

Amfas shares rose dramatically yesterday on the Amsterdam exchange as investors competed actively for a piece of its good fortune. Having resumed trading at a rate of Fl 129, they reached Fl 155 at one point. Nat-Ned's own share price, which slipped Fl 2.50 on Monday, eased a further 50 cents yesterday at Fl 177.

Since Nat-Ned and Amfas jointly announced their intention to "co-operate," the extent of the latter's problems in real estate this year has become clear. Property losses, which only a month ago were reckoned at Fl 100m, have now risen to Fl 140m, and the property sector continues at a low ebb.

Mr Henk Van Bussel, the new Amfas chairman, who took over last month in the wake of the sudden resignation of the old management board, said yesterday that with Nat-Ned's help it should be possible to retain certain property ventures as going concerns while still disposing of others.

He stressed that the property division's shortcomings did not affect the company's fundamentally healthy insurance activities which would be an asset to Nat-Ned's operations particularly in the Netherlands itself.

"If agreement with Nationale Nederlanden goes through, there should be no more negative publicity about Amfas – gam confident about that," he said.

Mr Van Bussel, formerly a member of the board of Volvo Car, which has itself recovered this year from a long period in the doldrums, was also keen to stress that Amfas would continue to trade under its own name.

The company's extensive reorganisation under way since the publication of the 1982 annual report, will continue uninterrupted, leading to e rationalisation of interests and the loss of several hundred jobs.

The idea is that Nat-Ned should be putting money into a venture that is already slimmed down.

Last year, Amfas lost Fl 68m. This year it forecasts earnings of around Fl 6m. Nat-Ned, which already has a 40 per cent stake in Amfas, expects net profits this year of at least Fl 450m.

Wang to take 15% of VLSI Technology

By Louise Kehoe in San Francisco

WANG LABORATORIES, a major U.S. office automation manufacturer, has announced its intention to buy a 15 per cent stake in VLSI Technology, a Silicon Valley manufacturer of custom integrated circuits, for about $34m.

VLSI said it intends to issue about 2.8m new shares to Wang at $12.12 per share, the same price as that offered to the public in February. Wang said it will work closely with VLSI on producing custom semi-conductor chips for use in its office automation products.

The agreement is similar in structure to those recently completed between IBM and Intel, and IBM and Rolm. In each case, the companies have issued new stock and received an infusion of capital as well as signing technology agreements.

VLSI Technology, which was founded three years ago, has developed an advanced computer-aided system for designing chips that meet customers' special requirements.

During the past two years VLSI has also manufactured ROM chips – devices used to store programs in video game cassettes.

As a result of the decline in the video game market, VLSI suffered losses of $3.6m in the last quarter on revenues of $7.7m. Previous-year losses were $545,000 on revenues of $7.8m.

Major shareholders in VLSI include Olivetti, Bendix Corporation and Evans and Sutherland.

Manville settles on reorganisation plan

BY OUR NEW YORK STAFF

MANVILLE CORPORATION of the U.S. has finally filed a plan of reorganisation under Chapter 11 of the Federal Bankruptcy Code after months of wrangling which have led to 10 delays in putting forward the proposals.

The company's action, at the Federal Bankruptcy Court for the southern district of New York, was immediately met by a counter proposition from the company's asbestos liability creditors opposing the plan.

Mr Robert Rosenberg, an attorney representing the creditors, called the proposals "unconfirmable, illegal and unconstitutional."

Both sides had tried earlier to settle the issue, which concerns Manville's liability for asbestos health claims, out of court. The creditors have previously claimed that Manville should never have filed for Chapter 11 reorganisation in the first place, hut should have met its obligations as a normal operating concern.

Buyer sought for 11% of Superior Oil shares

BY OUR NEW YORK STAFF

SHARES of Superior Oil, ooe of the largest independent oil companies in the U.S., have jumped sharply after it was revealed that Mr Howard Keck, the biggest shareholder, was seeking buyers for his 11.4 per cent stake, currently worth more than $500m.

Mr Keck, the son of Superior's founder, had worked for the company for more than 50 years, but last month he unexpectedly resigned.

Earlier in the year he had been at the centre of a bitter family feud with his sister, Willemetta Keck Day, who, in the face of his opposition, pushed through a cbange in the company's by-laws, making it an easier takeover target.

Mr Keck says, in a Securities and Exchange Commission filing, that the value of his shares might be increased if the sale was accomplished as part of an overall takeover of Superior. The filing says the Howard Keck interests iotend to explore actively the possibility of such a transaction.

Better performance by Wella

BY OUR FINANCIAL STAFF

WELLA, the family-owned West German hair-care group, which recently took n tentative step towards public ownership through the stock market issue of preference shares, reports higher sales and profits for the first nine months of 1983.

Pre-tax earnings rose 11.6 per cent worldwide to DM 83m ($30.7m). The company said in an interim report, however, that after-tax profits had risen less dramatically. It did not quantify net earnings.

Worldwide sales rose 5 per cent to DM 1.02bn in the nine months. Turnover for the year has already been estimated at about DM 1.4bn, up 5.6 per cent from 1982.

Parent company sales rose 12.1 per cent to DM 306.4m in the three quarters. This included a 16.5 per cent increase in domestic sales to DM 249.5m and n 3.8 per cent decline in exports to DM 56.9m.

Plant and equipment investment at September 30 was down 28.6 at DM 4.5m for the parent and 7.9 per cent lower at DM 29m for the group. Labour costs rose 4.1 per cent.

Wella put about 540,000 preference shares up for sale in September to raise DM 184m. Deutsche Bank headed the consortium bandling the issue which, helped by considerable interest from investors outside Germany, was heavily over subscribed.

The company, which is based at Darmstadt just outside Frankfurt, employs around 10,000 workers in 27 countries.

Rights issue for Spanish export bank

By David White in Madrid

BANCO Exterior De Espana, the state-controlled bank which channels most of Spain's export finance, is issuing Pta 2.56bn ($16.5m) in new capital next month on the basis of "highly favourable" forecasts for growth and profits.

The two-for-eleven rights issue follows on the heels of a Pta 1.8bn convertible bond operation in September, the first of its kind ever launched by the bank.

Sr Francisco Fernandez Ordonez, the chairman, told shareholders in e letter that the bank planned similar bond and equity operations next year "if circumstances permit."

The new Pta 500 shares will be issued at par, with subscriptions open throughout December.

The bank's present capital of Pta 14.1bn is just over 50 per cent in the hands of the state as e direct shareholder. The state industrial holding company INI has a further 10 per cent and the Bank of Spain just under 8 per cent, with the remainder divided among private shareholders.

Sr Fernandez Ordonez said recent months had confirmed the upward trend announced in the summer, when the bank predicted n sharp rise in its gross earnings, before provisions, to Pta 34bn this year, against Pta 21.3bn in 1982.

Earlier this year Banco Exterior reinforced its retail operations by taking over Banco de Alicante, a regional bank which was formerly linked to the Banca Catalane group and which had run into difficulties.

Huhtamaki adds new acquisitions in U.S.

BY TERRY DODSWORTH IN NEW YORK

HUHTAMAKI, the Finnish food and confectionery group, has added a further confectionery company and a bubble gum operation to its recent acquisition spree in the U.S. The deals bring its total potential sales in the country to around $290m against group turnover of $367m in 1982.

Terms for the acquisition of Leaf Confectionery, a private Chicago company, and the letter of intent to acquire Donruss, the bubble gum subsidiary of General Mills, were not disclosed. But Huhtamaki said the two deals, combined with its acquisition of some Beatrice Foods subsidiaries, would allow it to establish a broadly-based confectionery company in the U.S. "in terms of product line, product development and production capabilities, customer service and marketing expertise."

The Huhtamaki group, which operates throughout Western Europe and in some Far Eastern markets, has a product line which includes confectionery, canned and frozen foods, beverages, pharmaceuticals and industrial products.

Net profits amounted to $3.4m last year. In the U.S. where it has been operating for some time, it is planning to reorganise the companies it has acquired into six divisions.

Pacemaker group on track for recovery

BY OUR FINANCIAL STAFF

VITATRON, the London-listed Dutch company which makes heart pacemakers, has come close to halving its net losses for the first six months of 1983. It expects the improving trend to continue.

Operating costs for the half-year have been trimmed by around 25 per cent, allowing operating losses to be clawed back to just Fl 282,000 ($93,000), against Fl 2.5m. After tax, the deficit is Fl 2.4m against Fl 4.7m. Vitatron lost Fl 13.6m in 1982 as a whole.

Demand appears to be levelling out after the steep falls of recent years, since the 13 per cent decline in turnover for the six months results mostly from closed sales outlets and product pruning.

Vitatron says the reduced interim loss stems from the elimination of unprofitable sales plus reorganisation and tighter cost controls. The better trend should continue in the current six months, it says.

Vitatron, which is not listed in Holland, came to the London market in 1979. It made profits of Fl 8.1m before tax in that year.

A year ago, the company acquired a new chief executive, Mr J. B. C. Broos.

Dutch coffee group may buy Intradal

By Our Amsterdam Correspondent

DOUWE EGBERTS (DE), the Dutch coffee and tea group, expects to take over Intradal, a toiletries concern based in Amersfoort, in a complex deal with Consolidated Foods of Chicago, owners of Intradal and the majority holder in DE itself.

The plan is that DE should make further shares available to Consolidated in return for a tansfer of ownership of Intradal.

Consolidated has controlled DE since 1978, when it acquired 65 per cent of its equity, and has maintained Intradal as a wholly-owned subsidiary since 1972.

DE has been diversifying in the foods and consumer goods area for some time and sees Intradal as e useful acquisition. In its last financial year, Intradal, which employs 1,670 workers, had sales of Fl 320m ($105.6m) and earnings of Fl 18.6m.

In its own 1982-83 financial year, ending in June, DE enjoyed sales of Fl 3bn and recorded a net profit of Fl 105m. Nationale Nederlanden, the leading Dutch insurance group, owns 10 per cent of its equity, 12.5 per cent is held by the company's founding family, and a further 12.5 per cent is traded daily on the bourse.

Earnings fall at Minebea

By Yoko Shibata in Tokyo

MINEBEA, Japan's leading manufacturer of precision ball bearings with a 50 per cent world market share, suffered a 26.8 per cent setback in pre-tax profits to Y5.05bn ($21.4m) in tho year to September 30, net profits were 28.5 per cent lower at Y2.5bn. Full year sales were up by 3.3 per cent to Y94.1bn.

The company is currently seeing a sudden upsurge in demand for precision bearings for video cassette recorders (VCRs), computers, and office automation equipment and production can not keep up with demand.

As a result, the company expects its bearing sales in valua to increase by 25 per cent from the previous year. Total full-year sales are projected at Y110bn, np by 16.8 per cent, pre-tax profits are expected to reacb a record of Y7bn, up by 38.5 per cent, and net profits a record Y3.5bn, up by 40 per cent.

Interim rise at Japan's City banks

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

JAPAN'S TOP FIVE City banks increased their operating profits by between 18 and 35 per cent during tho half year ending April 30 compared with the same period of the previous year. However, the foreign exchange specialised Bank of Tokyo reported a marginal decline in operating profits.

Of the five Sumitomo remained the most profitable with operating profits before securities and loans transactions rising by 23.5 per cent to Y81.8bn ($347m). Dai-ichi Kangyo Bank, the largest of the City banks, reported the steepest increase in operating profits, however, with a 35 per cent jump to Y49.3bn. Fuji Bank, the second largest in terms of assets, increased operating profits before securities transactions by 18 per cent to Y65.5bn.

At three of the five big City banks, increasing profits were accompanied by a further rise in revenue from international operations. Sumitomo increased international revenues from Y31.7bn to Y34.7bn while Sanwe's rose from Y22.7bn to Y27.2bn. Banks where overseas revenue declined included Fuji (down from Y28bn to Y25.9bn) and Mitsubishi.

Tho improved performances of the City banks reflect a widening of margins between loan and deposit rates. Sumitomo says an increase in loan balances to medium-sized companies was also a factor. A fall in the bank's expenses-to-deposits retio to the lowest level since 1973 was ettributed to improved operating efficiency resulting from heavy investment in computer systems.

The Bank of Tokyo, which, unlike tha other City banks, specialises overwhelmingly in international business, reported a 2 per cent decline in operating profits before securities transactions to Y21.98bn.

● The pace of yen syndicated loans by Japaneso banks to overseas borrowers in the second half of the 1983-84 fiscal year has slowed down compared with the first half, reports Reuter from Tokyo.

The lower rate of lending comes despite the lifting of Finance Ministry controls and reflects unofficial guidance that banks should stick to their first half levels or less.

In the April to September half the banks extended loans totalling Y700bn overseas, typically at 0.2 to 0.3 percentage points above the long term Japanese prime rate—which was 8.4 per cent over this period. The prime rate was cut to 8.2 per cent last month but this has not yet attracted more borrowers—a further cut, to 8 per cent, is in the offing.

In the second half so far loans include Y25bn to Finland, Y25bn to Indonesia, Y20bn to Caisse Nationale des Telecommunications, Y16.1bn to Hungary, Y10bn to tha Malaysian National Electricity board, Y10bn to the state energy commission of West Australia, Y10bn to the Italian National Railways and Y5bn to Iceland.

FIRST HALF RESULTS AT JAPAN'S FIVE LEADING CITY BANKS PLUS THE BANK OF TOKYO

	Operating profit* Ybn	Percentage rise	Net income Ybn	Percentage rise	International income Ybn	Percentage rise
Sumitomo	81.89	23.5	39.25	21.9	34.76	9.4
Fuji	65.56	18.5	37.51	23.0	25.93	− 7.4
Mitsubishi	57.42	23.6	27.58	24.3	21.59	− 3.6
Daiichi Kangyo	49.27	35.4	25.00	29.5	24.51	13.1
Sanwa	55.13	35.7	24.93	29.9	27.16	19.8
Bank of Tokyo	21.98	− 2.0	13.56	10.3	64.68	14.6

* Before securities transactions.

Setbacks for Japanese camera groups

By Our Tokyo Staff

JAPAN'S TWO major camera makers, Nippon Kogaku and Asahi Optical, suffered substantial falls in earnings in tho half-year to September, under tha impact of increased competition.

Nippon Kogaku, Japan's leading camera manufacturer which uses the Nikon brandnamo saw pre-tax profits fall by 34.3 per cent to Y1.91bn ($8.1m) and net profits by 52.6 per cent to Y855m, on sales of Y69.62bn, up by 2.6 per cent.

Camera sales fell by 11 per cent to account for 55 per cent of the total because of an extremely slack domestic market for single-lens reflex cameras. The company's divisions producing semi-conductor manufacturing equipment and optical measuring instruments achieved increases in sales of 97 per cent and 32.5 per cent respectively.

Nippon Kogaku expects full-year pre-tax profits of Y5.2bn, up by 4 per cent and net profits of Y2.5bn, down by 16 per cent on sales of Y144bn, up by 6.4 per cent.

Asahi Optical, which makes Pentax cameras suffered an 83 per cent setback in pre-tax profits to Y317m on sales up just 1.2 per cent to Y23.8bn.

Sales of cameras, mainly in medium-priced range rose by 4.5 per cent while sales of Computer-Aided Design (CAD) and Computor-Aided-Manufacture (CAM) equipment surged by 48 per cent. The fall in earnings again came from an increase in price cutting competition.

Asahi foresees a recovery of demand for cameras in tha current half especially in the U.S. markets.

Full-year sales ara expected to reach Y49bn, up by 13 per cent but tho markdown in selling price of cameras is likely to continue and pre-tax profits are forcast to fall by 17.5 per cent to Y1.1bn and net profits by 42 per cent to Y700m.

Plea on bank rules to Australia

BY MICHAEL THOMPSON-NOEL IN SYDNEY

BANK OF AMERICA has warned the Australian authorities against seeking to maintain tho closed financial system, and have told the government that the licensing of foreign banks, would not only strengthen the financial system, but expand job opportunities and business growth.

Its remarks are contained in a submission to tha Martin Committee of Enquiry, whose report on the country's financial system has now been sent to Mr Paul Keating, the Treasurer, and is expected to be considered by tha Cabinet in two to three weeks time.

Bank of America operates a leading Australian merchant bank, BT Australia, which handles more than 200 corporate clients and has an annual turnover of about A$3bn (US$2.8bn) in corporate, semi-government and government securities.

It maintains that Australia's Labor Government should be prepared to welcome in as many foreign banks as meet the established criteria.

Althongh tha government was initially hostile to the concept of letting in foreign banks, its bostility seemed to have waned as its confidence in dealing with the business and financial communities has grown.

Labor won power last March from Mr Malcolm Fraser's Liberal-National Party coalition government, which shortly before its fall had announced its willingness to admit about 10 foreign banks.

The Martin Committee report is expected to advocato foreign bank entry, together with faster de-regulation of the financial system.

● Partnership Pacific, the merchant bank owned jointly by Westpac (60 per cent), Australia's biggest bank, and Bank of Tokyo (40 per cent), reports net profits of A$12.6m (U.S.$11.6m) for the 15 months to September 30, compared with A$7.8m for the 12 months to June 30 last year—equating to an annual increase of 30 per cent. On a similar basis, group assets rose by A$202m to A$1.1bn. Corporate finance and money market operations were again the main contributors to group income.

Marginal mid-term decline in results at Kubota

BY OUR TOKYO STAFF

KUBOTA, a leading mannfacturer of cast iron pipes, and agricultural and industrial machinery, suffered a slight fall in both revenne and pre-tax profits in the half year ended October 15, affected by the slow recovery in profitability of environmental equipment and casting products.

Unconsolidated pre-tax profits fell by 1.1 per cent to Y12.8bn, while net profits dropped by 13.6 per cent to Y6.7bn on sales of Y270bn ($1.15bn), down by 1.0 per cent from the previous year. Profits per share were Y4.99, compared with Y5.80 previously although tho interim dividond was kept unchanged at Y3.75.

During the half year sales by the farm and industrial equipment divisions rose by 10 per cent to account for 44.2 per cent of tha total, supported by strong exports of agricultural machinery to tho U.S. Sales of building materials also fared well, up by 6.4 per cent to account for 7.6 per cent of turnover.

Sales of cast iron pipes fell, however, by 4.6 per cent to account for 31.2 per cent of the total.

In thet current half year ending April 15 1984, the company foresees a small recovery of public work expenditure and the delivery of Y20bn worth of casting plant to East Germany is expected to boost sales. At tho same time exports of farm and industrial machinery aro expected to grow by 11 per cent.

Full year sales are expected to reach Y583bn, up by 4.3 per cent from the previous year. Pre-tax profits are projected at Y27bn, up by 3.7 per cent and net profits at Y14.5bn, down by 4.7 per cent. Tha anual dividend will be unchanged at Y7.5 including tho interim payout.

Coca-Cola bottler for Castlemaine

By Lachlan Drummond in Sydney

CASTLEMAINE TOOHEYS, the second largest Australian brewer which is 20 per cent-owned by Allied Breweries of the UK, is to take over the Sydney bottler of Coca-Cola in a deal expected to be worth around A$50m (US$46m).

The brewer will buy Southern Cross Beverages from tha U.S. group, severing the last direct stake in tho bottling process held by Coca-Cola in Australia, and making Castlemaine the biggest soft drink maker in New South Wales, a position of leadership it onjoys in the state with its Tooheys beer.

Castlemaine has been sitting on cash of more than A$50m for the past two years.

Its involvement with Coca-Cola will reduce its vulnerability to shifts in Excise duty on beer whicb has now been pegged to six-monthly movements in the consumer price index.

Civil engineering losses hit Cementation Africa

BY OUR JOHANNESBURG CORRESPONDENT

CEMENTATION (AFRICA), the South African structural steel, drilling and civil engineering group which is 60 per cent-owned by Trafalgar House of the UK, suffered from losses on civil engineering contracts in the year ended September. As a result operating incomo before interest and tax fell to R6.9m ($5.7m) from R8.8m.

Civil engineering operations are to be curtailed in the Transvaal and the Port Elizabeth branch is to be closed. However, civil engineering operations will be continued in Natal and the Western Cape. The mining services and manufacturing operations largely maintained their trading positions.

An unchanged total dividend of 25 cents has been declared though earnings fell to 51.84 cents a share from 70.58 cents.

● Goldfields Industrial Corp (GIC), the 60.3 per cent-owned South African subsidiary of the UK machine tools company, B. Elliot, was badly affected by the severe recession in the engineering industry in the six months to September.

First-half turnover fell to R18.3m from R19.1m, while operating profit before interest and tax collapsed to R60,000 from R592,000. The year to March 31 1983, by way of comparison, resulted in a turnover of R35.7m and an operating profit of R572,000.

Along with all other machine tools distributors GIC has suffered from sharp price reductions as distributors attempted to reduce inventories established in the more optimistic days of 1982. The industry as a whola does not expect demand for machine tools to recover until late-1984 at tho very earliest.

As was the case in 1982 an interim dividend has not been declared. The company's first-half loss increased to 15 cents a share from 14 cents. The year to March 31 1983 resulted in a loss of 22 cents e share.

Chuan Hup share offer oversubscribed

By Chris Sherwell in Singapore

A REMARKABLE response to last week's share offering by Chuan Hup Marina, which is involved in ship-chartering and oil services, bas bolped raise wider bopes of an improvement in the currently stagnant Singapore stock market.

The company offered 22.5m S$1 shares at a price of S$2 a share. Ten per cent of the offering was reserved for company staff. The remainder was oversubscribed 31.7 times, reflecting buyers' confidence—despite the bold pricing—about tha investment and the prospect of quick capital gains.

The response was far heavier than expected, and the implication is that spare funds in the market are awaiting attractive opportunities. The stock market has been listless in recent days and weeks, with volumes low by standards of earlier this year, but has shown signs of a firmer tone in the past two days.

Wong's Industrial to go public

BY ROBERT COTTRELL IN HONG KONG

WONG'S INDUSTRIAL (Holdings), a Hong Kong electronics manufacturer, plans to go publice with a HK$176.25m (US$22.6m) underwritten issue of new shares.

The issue will comprise one-quarter of the company's enlarged share capital, valuing the whole company at HK$705m. The balance of the sbares are held by tho Wong family, wbich founded the company in 1962.

Wong's principal business is the manufacture of printed circuit boards, the assembly of video games and computers, and the distribution of electronic goods. It forecasts a net profit of HK$80m for the current calendar year, a fall from the HK$86.3m seen in 1982. Based on the published profit forecast, the new issue of 75m shares at HK$2.35 each is priced on a prospective earnings multiple of 6.8. A final dividend of 15.5 cents is proposed for the current year.

A major customer for Wong's printed circuit boards is Atari-Wong, a video-game manufacturing joint-venture between tho Wong family and Atari, of the U.S.

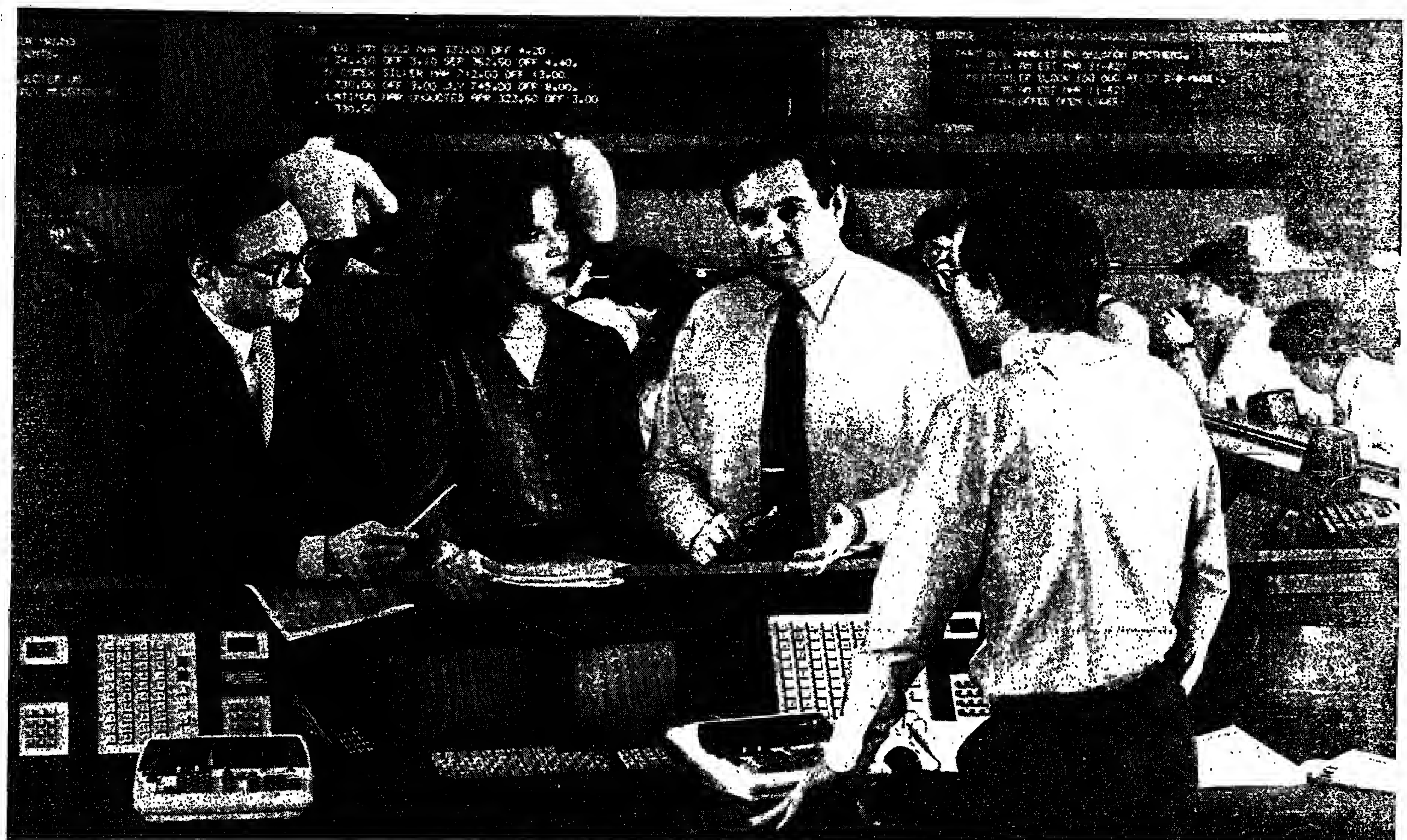
Tho issua is nnderwritten by two Hong Kong morchant banks, Schroders and Chartered, and Jardine Fleming. Dealings in the shares are expected to begin on December 15.

● Carrian Holdings' creditors have appointed three accountants from Ernst and Whinney of the UK as liquidators of the company, according to a solicitor at the Colony's official receivers' office, reports Reuters from Hong Kong.

The creditors have also appointed a committee of inspection, comprising seven local and international banks and finance companies, to assist the liquidators in managing the company's affairs.

The two appointments follow a creditors' meeting held yesterday.

How Morgan helps treasurers make money in today's tough money markets



Four of the Morgan officers who solved a client's long-term financing problem with a foreign currency borrowing privately placed and hedged into U.S. dollars. From left, Jonathan Seem, head of the bank's Far West Department; Maureen Hendricks, International Financial Management; Robert Engel, Executive Vice President and Treasurer; Bruno Eberli, Foreign Exchange Trading.

Succeeding in world financial markets may be even tougher tomorrow than it is today. The choices are multiplying. The risks are rising. The rules—and rates—keep changing. Now, more than ever, corporate treasurers need up-to-the-minute money-market information, sound advice, timely execution. And ideas.

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The Morgan Bank

UK COMPANY NEWS

Amersham up £1m and sees more growth

WITH ITS three main business sectors increasing their contributions, Amersham International has pushed up its pre-tax profit from £5.35m to £6.46m in the half year ended September 30 1983. The interim dividend is being lifted from 1.65p to 1.9p net.

Medical diagnostics, research chemicals and industrial products have all made their mark, although the rate of growth in the industrial division has slowed because of depressed market conditional for some products mainly in the U.S.

The "very strong" position in the UK is being maintained while overseas subsidiaries have continued to consolidate and extend their operations, particularly in Japan. The directors are expecting further progress in the second half.

Sales for the half year rose by £7.6m to £41.35m, and operating profit by £1.2m to £6.83m. Interest charges were up to £368,000 (£277,000).

After tax £2.09m (£1.73m) and minorities £486,000 (£454,000), the net attributable balance comes out at £3.88m (£3.16m) for earnings of 7.8p (6.3p). Comparisons have been restated under SSAP 20.

Providing there is no significant movement of sterling against the main currencies during the remainder of the second half year, the effect of the new accounting treatment on currency translation will not be as pronounced as in the re-statement of last year's second half.

Research and development expenditure has been raised to 8 per cent of sales, with an increased proportion of non-radioactive products.

The company has entered into an exclusive licence agreement with the University of Missouri to develop and market a new radio-pharmaceutical.

See Lex

Amos Hinton margins rise

AN INCREASE of 10 per cent in first half profit confirms that Amos Hinton & Sons is on target for a better year.

"We continue to expect an improvement in the second half, but the extent of that improvement will be heavily influenced by the success of our Christmas trading," says the chairman Mr David Hinton.

The company, which operates grocery supermarkets and off-licences, produced sales of £65.15m, up from £58.07m, in the 28 weeks ended September 17 1983, and a pre-tax profit of £1.06m (£958,000).

Gross margin has been improved and operating profit increased by 20 per cent to £1.97m.

After tax of £127,000 (£115,000) the net profit is £928,000 (£843,000) for earnings of 16.87p (15.33p) per share. The interim dividend is held at 2.4p—total for 1982-83 was 8p.

Strong recovery boosts Metal Box to £34.5m

FOR THE six months ended September 30 1983 taxable profits of Metal Box, manufacturer and printer of packaging containers and central heating equipment, more than doubled from £15.9m to £34.5m.

The directors, however, say that trading conditions overall still remain flat, and it would not be wise to predict the extent of a further recovery in the full year.

Results for the current period to date have indicated that significant elements of the group have made a very worthwhile improvement, but further action plans are "urgently in train" to restore more acceptable margins, they state.

The interim dividend is increased from 5.04p to 5.81p net per £1 share — last year's final distribution was 6.51p and the total pre-tax surplus £52.5m.

Sales for the first half expanded by £51m to £710.4m and trading profits amounted to £47m, compared with £35.2m. This was split as to UK £15.3m (£6.4m) and overseas £31.7m (£28.8m).

A divisional breakdown of the trading figures shows: packaging — open top £8.5m (£3.5m); general line £3.2m (£4.2m); paper and plastics £0.3m loss (£0.4m loss); engineering £0.7m (£0.4m loss); overseas £25.3m (£25.2m); U.S. £6m (£4.4m); central heating — Stelrad UK £3.4m (£0.5m loss); overseas £0.2m (£0.8m loss).

HIGHLIGHTS

Lex looks at the full year figures from Burton with profits up from £24m to £39m in the twelve months to August thanks to higher volume through existing stores. Amersham International has produced figures bang in line with expectations and the company is predicting further expansion of its R and D spending. Turning overseas VW has produced a disappointing third quarter loss attributed to tough conditions in Latin America. Finally the column considers the astounding results from Metal Box with interim profits up 117 per cent. The group looks set fair to get back to its pre-recession level for the full year.

Directors explain that the essential action taken over the last three years in the UK to bring manufacturing facilities into line with requirements of the reduced size of the market for products and changes in technology, has created a "much needed improvement" in operating efficiency.

This is reflected in better margins in many areas of activity.

The overseas subsidiaries continued to perform acceptably, although in most territories volumes are lower than a year ago. The Nigerian operations suffered from import restrictions and general operational difficulties. South Africa, despite dull market conditions, managed to sustain a level of profitability, the directors state, comparable with the first half in 1982.

Pre-tax results were after interest, well down at £13.8m, against £19.9m, but included associate's share of £1.3m (£0.6m). Tax took £6.9m (£7.9m) and after minorities, £8.4m (£5.9m), profits amounted to £19.2m (£2.1m). Earnings per share were 25.4p, compared with 2.8p.

There were extraordinary debits of £14m (£1.2m)—primarily for UK operations—leaving the balance before appropriations at £5.2m (£0.9m).

Because of the restructuring in South Africa, the half-year's figures are the last to be reported with Metal Box South Africa as a major subsidiary.

It is estimated that had the restructuring taken place as at April 1 1983, the effect would have been to reduce group trading profits from £47m to some £34m, but to increase profits, before extraordinary items, from £19.2m to £21.2m.

See Lex

Pactrol expands 59% at midterm

GROWTH HAS continued at Pactrol Electronics. For the six months ended September 30 1983 turnover has expanded by £376,000 to £1.1m and profit before tax has risen by 59 per cent from £144,000 to £229,000.

The principal subsidiary, Pactrol Controls, experienced buoyant trading during the summer. Trends referred to last June have been maintained, and there was an improvement in sales of industrial gas-burner controls.

Inquiries, orders and sales are satisfactory, although it is too early to judge whether the final quarter will benefit to the same extent as last year from local authority spending.

The half year profit was struck after operating expenses £227,000 (£176,000) and included investment income £23,000 (£9,000). Tax requires £100,000 (£60,000) and earnings are given as 8.06p (5.25p). For the previous 15 month period ended March 31 1983, the pre-tax profit reached £461,000 and the dividend total was 4.5p, of which 1.5p was an interim. The current interim is raised to 2p.

● comment

The bulk of Pactrol's earnings come in the second half because its important local council customers tend to underspend in the first six months and catch up later. On that basis, the company looks in line for a full-year outturn of £650,000 pre-tax, which puts the shares—up 15p to a high of 435p—on a prospective multiple of 19, assuming a 44 per cent tax charge. So Pactrol looks a great deal cheaper than it did a year ago, when the p/e was floating in the mid 30s. The huge premium to net assets on which the shares are trading and the firmness of the board's 68 per cent hold on the equity means it is an unlikely bid candidate, at least for the time being. Pactrol is more interested in making acquisitions, since two-thirds of its £800,000 net assets are liquid and its paper is looking an increasingly useful currency. But opportunities of the right quality are at least as expensive as Pactrol is, so the search is a painstaking one.

Adam Leisure hits £3m target

Adam Leisure Group has realised its USM prospectus forecast with a £3m taxable surplus for the year to the end of August 1983. Turnover for the 12 months was £20.68m, compared with £13.84m when profits of £1.02m were made.

An inaugural 1p final dividend is being paid to shareholders, and the directors say that interim payments will be paid in future years.

It is the group's intention, through an active acquisition policy, to broaden its trading base which currently encompasses distribution of electronic games and video software. The directors are confident that the emergence of new products is stimulating its traditional markets.

Possibilities of diversification into other areas, with emphasis on high technology products, are also being explored by the company.

Reflecting on the year's trading the directors say that the principal feature was the sustained buoyancy of the hand-held electronic games market. The strength of its marketing and distribution structure, they add, enabled the group to maintain its independence from individual suppliers and to avoid the difficulties that have overtaken the video games industry.

Earnings per 10p share rose from 2.9p to 7.8p after tax of £927,000 (£281,000). Below the line minorities were up at £406,000, against £161,000.

All round progress as Burton tops £39m

SUBSTANTIAL improvements by all of its major retailing divisions enabled the Burton Group to push its pre-tax profits up to a record £39.21m for the 52 weeks ended August 27, an increase of 61 per cent over the £24.31m reported for 1981-82. A buoyant start has been made to the current year.

At the trading level the menswear and womenswear activities achieved profit's growth of 49 per cent and 64 per cent respectively in 1982-83—outlets include Burton, Top Man, Evans, Dorothy Perkins and Top Shop.

The group's manufacturing activity moved into profit and other activities, which include computer services, warehousing and distribution, also increased their profits.

Shareholders will receive an increased final dividend of 6.9p, which raises the total by 2.25p to 10p net per 50p share. A scrip issue on a one-for-one basis is also proposed.

The directors have authorised an allocation to the Employees Profit Sharing Scheme of £850,000 (£625,000). Bonus payments of £4.8m (£2.5m) are being made to the 8,700 executives and members of staff (87 per cent of total employees) who participated in the group's performance related incentive schemes.

Sales for the year rose from £232m to £299.2m, excluding VAT. In addition to increasing its market share the group added in excess of 130,000 sq ft of trading space over the period.

Capital expenditure amounted to £29.3m (£18.8m) and was funded internally. At the end of the year net cash balances totalled £18m, compared with £10.8m at the beginning of the period.

The group, which now trades from a total of 791 shops, is continuing to expand its trade through existing divisions by the addition of space and the development of merchandise ranges. A number of further developments and market opportunities are being actively progressed.

An analysis of turnover and trading profit (£37.74m, against £24.27m) shows: retailing—menswear £155.2m (£121.57m) and £23.27m (£15.8m) and womenswear £139.2m (£106.38m) and £14.17m (£8.66m); manufacturing accounted for £591,000 (£353,000) and £91,000 (£87,000 loss); and other activities £4.18m (£3.63m) and £211,000 (£102,000).

Interest added £1.17m (took £128,000). Pre-tax profits for the second six months totalled £21.04m (£10.14m).

See Lex

Heywood Williams raises £2.1m and plans acquisition

SHAREHOLDERS IN Heywood Williams, the aluminium window manufacturer and glass merchant, are being asked to put up £2.1m cash for a rights issue which will reduce the company's debt and prepare the balance sheet for a sizeable acquisition.

Heywood's rights is pitched on a one-for-four basis at 100p a share. In the market the share price closed at 118p, down 5p, having been as low as 38p earlier this year.

The cash call is backed by a profits forecast for the 12 months to the end of December of not less than £2m pre-tax against £847,000 and a reaffirmed dividend forecast of 5p for the full year compared to 3p a share.

The issue comes after more than two years of profits recovery following a collapse into losses of nearly £150,000 in 1980 and a rise in group borrowings to £6.1m, equal to 118 per cent of shareholders' funds.

A series of asset disposals, as Heywood retrenched to its core business, dropped group debt to £3.66m by last December, a capital gearing figure of 60 per cent, and a further reduction was anticipated this year.

Mr M. Broadhead, finance director, said yesterday that the company was looking to acquire a company making profits of £½m to £1m a year and costing perhaps £4m. A deal would be likely to involve the issue of paper and cash.

The issue is underwritten by Lloyds Bank International. Brokers are Scrimgeour Kemp-Gee.

● comment

With £1m of land sales this year and more than doubled profits Heywood Williams' capital gearing was expected to drop to below 30 per cent. Compared with the balance sheet of three years ago that would have looked very relaxed, so the last thing shareholders might have expected was a cash call. Perhaps a share price riding near its all time high proved too tempting for Heywoods' finance department to resist. The group does not appear to have a specific acquisition target in its sights but shareholders can take comfort in the company's promise to stick to related businesses rather than another round of U.S. restaurants.

Tay Homes placing to finance expansion plans

Tay Homes, which builds houses using traditional materials, in Yorkshire and Glasgow, is coming to the market by way of a placing of 1,666,665 shares at 90p, representing 31 per cent of the total equity.

Quilter Goodison are brokers to the issue of which 833,332 are new shares which will raise approximately £650,000. Tay plans to use the capital to finance expansion and working capital requirements.

Tay made pre-tax profits of £705,000 in the year to June 30 1983 on turnover of £6.59m. The historic PE on an actual tax charge of 33 per cent, excluding the new shares being issued, is 8.6. The company gives net assets per share of 42p based on the shares in issue following the placing.

Tay built 280 homes in the last financial year which sold between £15,000 and £60,000. It expects to build 324 units in the current year. It designs, markets and builds the housing estates and has a wholly-owned joinery business.

Dealings are expected to commence on Tuesday November 29.

● comment

Directors David Spencer and Alan Stubbs both have an architectural background and put down their success in part to the original design of their residential estates—definitely no timber framing. The two owned an earlier housebuilding company which went into liquidation during the 70s property market collapse but Tay comes to the USM with a five-year profits record a sizeable £3m land bank for 1,000 units, not counting the 324 planned for the current year and a good 44 per cent return on capital. Demand appears strong and sales are quickly completed; margins are between £2,000 and £3,000 per unit. The aim is to build up to around 1,000 units a year in four or five years' time. The historic p/e of 8.6 is a shade above Federated Housing which had a dull debut on the USM earlier this month. Tay could make around £850,000 pre-tax this year and seems fairly priced.

TR Property Trust

After deduction of prior charges at redemption prices, net asset value per share of the TR Property Investment Trust expanded from 109p to 130.6p as at September 30 1983.

For the six months to that date earnings available emerged lower at £676,000, compared with £930,000, or 1.67p (2.15p) per share.

The interim dividend is slightly increased from 1.1p to 1.2p net and the directors are confident that the final payment will bring the total to not less than last year's 2.8p.

Brewmaker offer for sale to raise £0.49m

BREWMAKER, manufacturer and distributor of home beer and wine kits and soft drink concentrates, is coming to the USM with a fixed price offer for sale.

The offer comprises 4,222,000 1p shares, representing 24 per cent of the equity, at a price of 33¼p.

This is the first USM to be handled by licensed dealer Harvard Securities.

The offer capitalises the company at a market value of £5.85m, and is to raise approximately £490,000 after expenses.

In the 12 months to December 1982, Brewmaker's turnover was £4.10m, against £2.22m in the year before, and profit before tax rose from £72,032 to £304,422. In the first seven months of the current year, sales were £2.55m and profits £234,695 pre-tax.

The year end has been changed to January 31, and in the 13-month period to January 1984 the company forecasts turnover of not less than £6.3m and profits of not less than £600,000.

The forecast is based on a straight-line projection of sales and margins for the first seven months, adjusted for seasonal factors. No dividend is proposed until the year ending January 1985.

Lists open next Monday and dealings start on December 2.

● comment

BREWMAKER is the only animal of its species on the market, and certainly has an explosive growth record in the past two years. This is partly due to a growing market, but also to increased market share—and that with almost no help from advertising. The bulk of the proceeds from the sale is in fact to be devoted to advertising and promotion. On the other hand, Brewmaker has no sales to either Boots or Woolworth, which between them have nearly 70 per cent of the market. So cracking these would be a huge opportunity—or a slight worry, in that they haven't been cracked already. On forecast profits, the issue is on a prospective multiple of 18—probably not too exacting for a stock which, if not superglamorous, has the advantage of offering a product which the market understands. It looks a safe bet, at least for the stags.

Euston Centre

For the half year ended September 30 1983 Euston Centre Properties produced a profit of £3.14m, compared with £3.02m previously, subject to tax of £1.63m (£1.57m).

The group carries on business of property investment, and is owned jointly by Stock Conversion and George Wimpey.

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BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Anderson Strathclyde, Bulmer and Lumb, Channel Tunnel Investments, Johnson Matthey, Moorgate Mercantile, Readicut International, Rothmans International, Whitbread Investment.

Finals: Construction Holdings, Marine Adventure Sailing Trust.

FUTURE DATES

Interims:

Booth (John) (Bolton)	Dec 9
M & G Second Dual Trust	Nov 30
Merrydown Wine	Dec 5
Pauls and Whites	Dec 7
Rolfe & Nolan Comp. Services	Nov 30

Finals:

BOC	Dec 8
Diploma	Nov 29
English China Clays	Dec 15
Kelsey Industries	Dec 21
Polly Peck	Dec 2
Ranks Hovis McDougall	Dec 6
Wearwell	Nov 30

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Adam Leisure‡		1	—	—	1	—
Amersham Intl	int	1.9	Jan 9	1.65	—	4.2
Burton Group		6.9	Feb 28	5.25	10	7.75
Dunhill Holdings	int	6	Jan 6	5	—	12
C.E. Heath	int	5.25	Jan 4	5	—	14.75
Amos Hinton	int	2.4	Jan 10	2.4	—	8
Metal Box	int	5.81	Jan 16	5.04	—	11.55
Northern American		4	—	4	5.4	5.4
Pactrol Electronics	int	2	Jan 16	1.5§	—	4.5§
Parkland Textile	int	1.6	Jan 13	1.6	—	3.7
Rexmore	int	0.6	Jan 18	0.53	—	1.3
TR Property	int	1.2	Dec 19	1.1	—	2.8

Dividends shown pence per share net except where otherwise stated.

*Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. ‡USM stock. §For 15 months.

THE ROBECO GROUP 50 YEARS ON...

THE ROBECO GROUP of investment companies was conceived by a group of Rotterdam shipowners, bankers and businessmen in 1929; in embryo it was an investment club or syndicate. As Wall Street prices had collapsed, the original founders thought that their timing was good; unfortunately there were two further plunges in share values, but they pressed on. A letter sent to the 39 participants in 1931 explains the objective: "...to spare the private investor the cares and worries connected with that part of his capital, the investment of which requires his special care and daily attention." It was hoped the investment club "could be useful".

In 1933, fifty years ago, it was decided to turn the consortium, Rotterdamsch Beleggingsconsortium, into a limited liability company. This formalised the club without losing the advantages of the concept by making the management directly responsible in law to shareholders, a structure that has endured to the present day. But to talk of management at this early stage is perhaps to imply too much. For the secretary of the consortium, Willem Rauwenhoff, an ex-naval officer who became managing director of the company, looked after its affairs in the evenings, working elsewhere by day. During his spare time be would, in true Dutch style, set out on bicycle to collect information and to persuade savers to join the club.

This may seem a by-gone age but the problems faced by the original Robeco investors

Mr. L.W.E. Rauwenhoff. Robeco's first Managing Director 1933–1960. Chairman of the Supervisory Board 1960–1965.

were remarkably similar to what confronts us today. The records of the 1930s show that the directors were most of all concerned by the protracted world-wide recession, by serious monetary trouhle and by unstable currency conditions.

The next step was to increase the marketability of the shares; Dr. K.R. Van der Mandele, the first chairman, saw this as a pnblic duty. It was done in 1938 by obtaining a quotation on the Amsterdam atock exchange. By now, indeed, the three main characteristics of Robeco (the shortened form of its long Dutch name) were already evident.

Its management was and is entirely Dutch, so the group's style is thrifty, cautious – and international. The second attribute, a global outlook, has been present since the beginning. In 1930, two thirds of the funds' assets were invested outside the Netherlands. There were also sizeable holdings in Indonesia, then part of the Dutch Empire. But one fifth of the assets were in Germany and a further sixth in the United States. The question has always been where best to invest in the world rather than where best to invest in Holland or even in Europe.

The third element is the original "club" concept. The Robeco investment companies have always operated as unit trusts – or mutual funds in American parlance – even though they are in legal terms ordinary limited liability companies. However, under Dutch law the trusts can issue new shares on the Amsterdam stock exchange whenever demand exceeds supply or they can repurchase shares in the opposite circumstances. The managers use this facility to keep the share price in line with the underlying net asset value.

When the war came, Robeco's activities were frozen, although a reduced dividend could still be paid; but the company started up again immediately afterwards. In the 1947 report, Mr. Van der Mandele restated Robeco's objectives: "our main concern was to distribute our holdings in such a way that the maintenance of capital would be guaranteed as much as possible, no matter what national or international disturbances might occur".

In the early 1950s the main task as far as the portfolio was concerned was to strengthen the American boldings while at the same time run down, from around 5 per cent to zero, boldings in Indonesia (which bad gained independence from the Netherlands) and in South Africa. At the same time Robeco's shares were made more accessible to ordinary savers by introducing a share savings system and by splitting the fls.1,000 denomination shares into fls.100 units; in 1956 a company offering insurance on the basis of Robeco shares, De Waerdye, was formed.

Drive to Internationalism

Then there followed a drive to get Robeco, and afterwards its sister companies, qooted on more and more stock exchanges so that the international nature of the portfolio would be matched by the cosmopolitanism of its sharebolders. This came about quite naturally. Dutch people recommended Robeco to their friends overseas; in any case expatriate Duteb people were already shareholders; in particular Dutch stockbrokers had clients across the border in Belgium and it was in that country that an additional stock exchange quotation was sought. But in fact Robeco's first foreign listing was Paris in 1959 and then in the following year Brussels and Antwerp. London followed in March 1962. By 1963 the managers were able to report that nearly 30 per cent of Robeco's shares were held outside the Netherlands. A year later the proportion was 35 per cent with about 12 per cent in British hands. Next step was to arrange a quotation on five German stock exchanges; this took place in 1965.

Seven years earlier, in 1958, Robeco bad invested in West Germany for the first time. It cannot he pretended that this was an easy decision because feelings about the second world war were still strong in Rotterdam at that time; the city itself had been badly bombed in 1940 and the results are visible even today. But as shareholders were to be told a few years later: "the main reason why we favour Germany is that we were convinced – under the weight of capital expenditure in that country during recent years – that a basis has been laid for a very strong competitive position of German history".

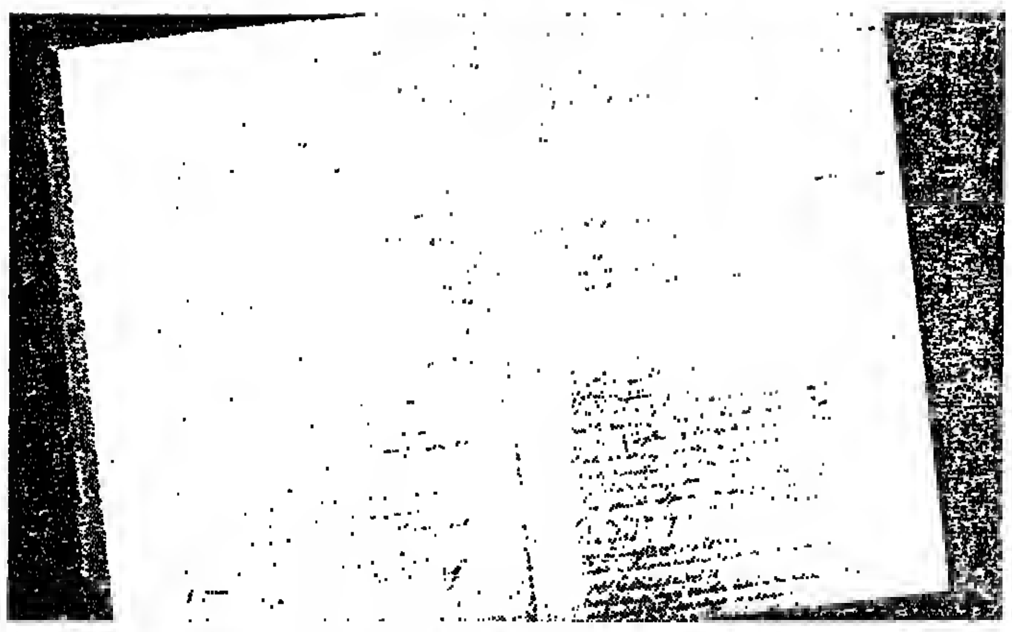
Where it all began – Rotterdam in the 30's.

Then in 1963 Robeco's first investments in Japan were made. The choice was cautious: three of the ten shares were utilities, two were banks and three were insurance companies; the last two were a chemical company and a retailer. In fact one of these original boldings, Tokyio Marine and Fire, has performed consistently well for Robeco ever since.

Rolinco is born

In those far-off days of strong and consistent economic growth and the discovery of new stockmarkets, bowever, Robeco's investment managers began to find themselves in a quandary. They kept finding shares that were promising but too risky for Robeco, whose image has always heen conservative. Moreover they could see the advantages of gearing up a portfolio hy borrowing a certain amount of fixed interest capital, yet this was inappropriate for Robeco. For Robeco had always tried to pay substantial dividends each year as well as achieve capital growth. The upshot was that in 1965 the group's first specialist fund, Rolinco, was launched. It was designed to satisfy investors looking for capital growth rather than income. To this end the initial portfolio contained less than 70 shares in 13 different countries. Indeed the first accounts showed that nearly a quarter of the fund's assets were invested in the United States (where the single largest bolding was IBM); second most popular market was West Germany. As it turned out, though, the fund was never particularly highly geared; the first balance sheet showed an issued ordinary share capital of 65m guilders supported by only a further 5m guilders in $5\frac{1}{2}$ per cent preference sbare capital. Thereafter the gearing was increased a little hut now it is tiny. In practice Rolinco performed much better than Robeco for the first four years of its life; then for the next five years (the early 1970s) the tortoise began to catch up with the hare and it was not until 1978 that Rolinco began to get ahead again.

After Rolinco came Utilico, incorporated in 1966, with the object of investing exclusively in the world wide utilities sector. And like Rolinco and Robeco, the shares of Utilico were soon quoted on a number of stock exchanges in Europe. But unfortunately the Utilico concept failed to work as well as hoped; it was an early casualty of the first oil crisis, for in early February 1974 the managers announced that the fund was to be absorbed into Robeco by means of a share swap. A statement issued in explanation noted that "changes in relative energy positions will squeeze the profits of many energy producing and distributing enterprises for probably a long time to come". The statement also commented that "public utilities are in danger of losing their most attractive investment feature – stability combined with steady growth". But meanwhile a further improvement had been made in the facilities available for Robeco investors. A Shareholders Account was set up in



The first Robeco balance sheet and the profit and loss account.

Rotterdam in 1971 and in Geneva in 1972. These virtually identical facilities allow investors to buy and sell sbares in the Robeco funds with the same ease as operating a bank account.

Moreover, just as Utilico was being closed down, further initiatives were being taken. In April of that year the first of these, a new fund specialising in fixed interest and floating rates securities called Rorento, was launched. The idea was to profit from high interest rates wherever possible and also to gain from any appreciation in bond prices and currency rates. And in the first half of the 1970s this meant investing close to home for two of the strongest currencies at that time were Dutch guilders and German marks. Then later the emphasis was temporarily switched to dollar and sterling securities. As for securing an international market in the shares of Rorento, the group's normal practice was followed. Quotations were quickly obtained on European stock exchanges with a London listing being arranged towards the end of 1982.

Management of Institutional funds

The second new development started in 1974 was the foundation of a capital management department. Here is carried out the individual management of institutional accounts for clients from various countries. By September 1983 over $400m of sucb assets were under management.

In 1978 the first moves were made that would result in the creation of a property fund. For some time the Robeco group had felt the need for a property investment company. But the difficulty was to start a property fund at a sufficient size to be able to employ considerable property expertise. The moment came in 1978 when the Dutch storage, distribution and property group, Pakhoed, ran into liquidity problems and was forced to sell off most of its property portfolio. The two main buyers were the Royal Dutch Shell pension fund and Robeco. By the following year, Robeco felt that enough property had been accumulated to make a start and so Rodamco was launched in March 1979. It was recognized that making a daily market at close to asset value would be more difficult with a property fund than was the case with the group's other three funds. In theory substantial sales by investors would be less easily matched by changes in the portfolio. So Rodamco adopted from the beginning a policy of maintaining ample liquidity, investing partly in the shares of other property companies and limiting financing from external sources to one third of the total equity so that outside borrowing could easily be extended should the need arise. But as always the portfolio would be international and the first halance sheet showed 42 per cent of investments in the USA, 39 per cent in the Netherlands, 9.5 per cent in West Germany and 8.8 per cent in Belgium. As usual, also, quotations were sought on many of the world's stock exchanges so that there would be an international spread of shareholders.

However the group's most recent initiative is unlikely to be made available outside the Netherlands. This is Roparco, founded in November 1981, which offers savings accounts combining a high rate of interest with free withdrawals for considerable hut not unlimited amounts. But actually the Shareholders Account provides a facility for receiving funds in various currencies for investment into one of the existing funds. Money may also be put on deposit in anticipation of future investment in Robeco, Rolinco, Rorento or Rodamco shares or held there pending re-investment.

So the Robeco Group comes to the end of its first 50 years in business, having so far survived slump, war, boom, oil crisis; and goodness knows what is to come during the remainder of the 1980s. Managing as it does £4.19bn of funds, it is one of the largest groups of its kind in the world. But as what is still in essence what it was in 1933 – an investors' club, cautiously managed yet international in outlook – Robeco has no equal anywhere.

A Robeco Founder's Share Certificate, dated June, 1933.

Robeco in context

There is nothing quite like the Robeco Group anywhere in the world; that is one conclusion that may well he drawn from the article puhlished on these pages. In six ways the Robeco Group differs from the usual run of investment management operations – in its size, in its speciality, in the hybrid nature of its funds, in its location, in its co-operative or club-like structure and in its charges. In perhaps only one of these is Robeco actually unique, which anyway is always a foolhardy claim to make for somehody, somewhere always objects. But in combination these six characteristics make the group very much out of the ordinary.

First there is the question of size. Robeco itself comprises a single portfolio worth some £1.47bn while Rolinco's assets are £890m and Rorento is worth just over £1bn. These are very large pools of money indeed. Compare them with the largest authorised unit trusts in Britain, whose portfolios are worth between £200m and £300m. Some of Britain's investment trusts are a little bigger, but none is much larger than £500 million.

Even if separate funds under the same management are aggregated together, Robeco still comes out in the top league. At the end of last year, for instance, Britain's largest unit trust group comprised individual funds worth some £1bn whereas Robeco's grand total is £3.44bn without counting in its property fund. Undoubtedly a few individual merchant banks in London manage even greater amounts, as do a number of New York houses. But the bulk of these will consist of pension fund business, which for Robeco is only a sideline.

The second of the six outstanding characteristics of the Robeco Group is its chosen speciality, which is to invest internationally. This has been a mark of the group since it was founded. While there are now a substantial number of other funds with the same investment objective, it is a fact that the two main centres, London and New York, have come to international investing in the fullest sense of the word only relatively recently. In Britain until the beginning of this decade, exchange controls inhibited overseas portfolio investment although they did not actually prevent it. In any case the domestic share market was well developed. In the United States, equity investors have long had at their disposal a huge local market, providing investment opportunities in abundance. It was not until the 1980s that American investors became the least hit interested in overseas stock markets, being finally prompted to think internationally hy the dollar's periodic bouts of weakness. It has thus tended to be fund managers based on the Continent of Europe, particularly in Holland and Switzerland, that have been truly glohal in outlook for many years.

Then there is the hybrid nature of the Robeco funds, which means that while formally speaking they are investment companies whose shares are traded on stock exchanges in Western Europe, in essence they are unit trusts or mutual funds. This is because under Dutch law the managers may create new shares or retire existing ones in order to keep the market price very close to net asset value. There is, therefore, no discount on assets, as occurs with the traditional British investment trusts; on the other hand, Rolinco maintains some gearing, like an investment trust but not a unit trust, having borrowed funds in its balance sheet as well as equity.

In this respect Robeco comes closest to being unique, if only because other countries have different investment laws. In fact the unit trusts of the longest established British unit trust group, M & G, are quoted on the London stock exchange, a distinction shared by none of its rivals.

In the list of Robeco's special characteristics must also be placed its location in Rotterdam. Or more precisely, while all the funds are managed from Rotterdam, one of the four, Rorento, is domiciled in Curacao. Curacao is part of the Netherlands Antilles; its law is based upon the Dutch code hut its tax arrangements are more flexihle. The other three funds are registered in Rotterdam.

Rotterdam would not claim to be one of Europe's leading financial centres; nor is it. But there are precedents for conducting investment management activities away from the tradional centres. In Britain Edinburgh is a secondary investment centre after London and in the United States, Boston holds the same position in relation to New York. In Britain too, a number of the nation's largest life assurance companies, managing investments on a large scale, are headquartered far from the "City", in Perth as well as in Edinhurgh, in Manchester, Birmingham and Norwich as well as in London itself.

Fifth in this collection of Robeco's features is the fact that the group is structured as an investors club or co-operative. Investors thus pay only the actual costs that Robeco incurs in managing their investment and no more. Again this is in sharp contrast with most rival funds. Some British unit trusts are managed hy merchant banks, or hy high street banks, or hy stockhroking firms, or by insurance companies, or by separately owned investment management companies. In each case the managers are rightly looking to make a profit out of their activities. And as some recent flotations of investment management companies on the London stock exchange have shown, the return can be quite reasonable.

Finally, the consequence of this co-operative structure is that Robeco provides an extremely economical way of investing. Over and above the normal hroker's commission common to all share quotations everywhere in the world, there is only the operational costs of the group to meet, which at 0.3 per cent of the value of funds under management, is an extremely modest figure.

Robeco as an investors' club

One of a series of meetings held for British shareholders earlier this year.

A Robeco briefing for City analysts.

THE ROBECO GROUP of investment companies have always seen themselves as an investors' club; nobody profits from their activities other than their shareholders. This, however, does not exempt Robeco from the need to expand its activities. Like any other commercial enterprise it is subject to the rule that it must go forward in order to prevent itself slipping back. In other words, it is in the interests of existing members of the club that new investors are attracted. This article explains how Robeco is marketed.

Not easily is the honest answer, as is always the case with any fund that wishes to cross borders. For many countries have long had regulations that prevent or severely restrict the sale of non-domestic funds.

Yet Robeco has two special advantages, both of which it has created for itself. In the first place, by arranging to have its shares quoted on so many stock exchanges in Europe, as well as in the Far East, investors can very easily conduct transactions. Thus the shares of Robeco can be bought on 19 stock exchanges, including Amsterdam, London, Brussels, Paris, Frankfurt, Zurich, Tokyo and Hong Kong.

Shareholders' Accounts

Robeco has also set up extremely efficient "shareholders account" facilities in Geneva and Rotterdam to handle transactions in the fund's shares. Perhaps the special attraction of the Swiss operation is that the local company set up by Robeco "administers the accounts subject to the traditional discretion of Swiss investment managers". But in any case the shares of the four investment companies are "bearer" in form, that is the names of the owners are not registered in the company's books in the same way as with the traditional British share.

The shareholders account does what the name implies: through it investors may huy and sell Robeco group shares, receive dividends and reports from the funds' managers. Instead of having to be bothered with traditional share certificates, the shareholders account works like a bank account and sends to account holders regular statements of the number of shares owned in Robeco, or Rolinco, or Rorento or Rodamco, of any dividends received and of any cash balances.

Another advantage of using the shareholders account rather than instructing a bank or broker to buy or sell Robeco gronp shares is that any amount can be invested; as holdings are recorded to four decimal places, full shares are not required. Moreover it is easy to arrange automatic investment of a set amount of cash at regular intervals in this way.

A number of other aspects of the shareholders account are worth mentioning. Cash dividends can be reinvested automatically; or small parts of holdings in Rorento, which itself does not make any distributions, may be sold to produce a regular cash income. Switching between the various Robeco funds can be done cheaply. Moreover it is possible to borrow against shareholdings through the Robeco gronp; and, equally, through the Geneva account it is possible to place money in a "depot fiduciaire" – paying market rates of interest – in anticipation of future investment in Robeco, Rolinco, Rorento or Rodamco shares or in the period between switches. Costs of dealing are 2 per cent on purchases of stock and 1½ per cent on sales; no custody fees are charged.

Internationally held

From a marketing point of view, however, the use of bearer shares, or shareholders' accounts poses a prohlem; it means that Robeco is never completely sure who all its investors are and where they are. While something over half of each of the four funds is owned by Dutch investors, the proportions vary. Thus possibly 45 per cent of Rorento may be owned outside the Netherlands, with perhaps 25 per cent to 30 per cent of the shares held in France. This is largely because Rorento has had special attractions for French investors – it is listed as a normal company rather than as an investment company yet at a time of weakness in the franc it has provided in essence a vehicle for investing in hard currencies, tax free.

Next most popular fund internationally is Robeco itself, the flag ship, whose shares have been widely quoted in Europe for over 25 years; about 40 per cent of the fund is held outside Holland. Then comes Rolinco with a 30 per cent proportion for non-Dutch holdings and finally Rodamco, the newest of the funds, with 25 per cent outside Holland.

Marketing techniques

The home market, Holland, is naturally the easiest from Robeco's point of view. There are about 40,000 private investors in Holland and among them investment companies are popular – and Robeco is easily the largest. Here Robeco is able to use sophisticated marketing techniques, including, recently, sponsoring a whodunnit thriller that was extensively publicised.

Robeco also publishes 100,000 copies of a general interest economic magazine, SAFE, which is sent to Dutch shareholders and Roparco account holders; it has also proved popular enough to find a sale on bookstalls. Another example of how Robeco makes its presence felt was a recent symposium given in Rotterdam which heard addresses from Alvin Toffler, author and seer, from Professor Jan Tinbergen, winner of the Nobel Prize for economics, and from Dr. Henry Kaufman, a managing director of Salomon Brothers and influential Wall Street pundit.

France is probably the most important country from Robeco's point of view; at least the four funds have a large measure of freedom to advertise there. And Robeco holds meetings throughout the country, recently visiting 15 French cities. In Nice, for instance, 700 people turned up and there were 500 people at the Strasbourg meeting. In the United Kingdom there are legal restrictions on selling unit trusts and non-domestic funds, but Robeco has managed to devise an advertising format that stays well within the official limits on what may be pnblished.

After the Netherlands, France and Britain, the other main markets are considerably more difficult. Not much can be done in Belgium to promote the Robeco companies; in fact Rorento cannot be sold in Belgium at all. Germany, so badly affected by the troubles of Investors Overseas Service a decade or more ago, forbids promotion, allowing only a listing on the stock exchanges and virtually nothing more. The Swiss with their own range of international funds are not particularly interested. Robeco is quoted in Japan but shareholdings are sparse. Robeco's problem in the United States is that it is a hybrid between an open ended and close ended fund, so the four investment companies are not registered with the Securities and Exchange Commission. Strictly speaking a request for information from an American investor should not even be answered.

Apart from the problems of individual markets, Robeco faces a further general difficulty. Most banks have their own in-house funds so they are not very likely to advise their customers to purchase one of the Robeco companies. Moreover Robeco does not pay commission, so there is no great reward for brokers and others in selling Robeco shares.

In any case, it should be observed, no investment fund, however highly promoted, can resist the broad swings in investors' enthusiasm or lack of it. The Robeco funds, like their rivals elsewhere, have been subject to net redemptions from time to time. The late 1970s and early 1980s, for instance, were a period of significant shrinkage for both Robeco and Rolinco with a particularly large excess of sales over purchases recorded in 1979–80. The situation stabilised in 1981 and towards the end of 1982 and the two funds were attracting more investors again. In 1983 net sales have been strongly positive.

But in the end it comes down to the fact that as the Robeco group conducts itself like a clnh, it can really expand only as a club does – which is on its reputation, by just a little discreet advertising and by word of mouth recommendation. Indeed, for fifty years that has proved a pretty successful method.

Three of the four Robeco Group funds have a full quotation in London.

ADVERTISEMENT

The main speakers, *left to right*, Mr. Alvin Toffler, Professor Jan Tinbergen and Dr. Henry Kaufman.

50th Anniversary Symposium

Last month Robeco celebrated its fiftieth anniversary by arranging a symposium in Rotterdam at which the main speakers looked almost as far into the future. The day began with Alvin Toffler, whose best known books, Future Shock and The Third Wave, take us into the next century. He described a world which would be considerably more decentralised than the present. New communications facilities would mean that much more work could be done at home rather than in the office. At the same time, the old, mass production industries would either be made much more efficient by the use of robotics or would move to the third world where labour is still cheap. These changes would have profound political and cultural consequences for the unified nation state which had been the product of the first industrial revolution starting some 200 years ago. Third wave states would be less unified.

Mr. Toffler was followed by Professor Jan Tinbergen, a Dutch "practical socialist" and the first economist to win a Nobel Prize. With becoming modesty be declined m make precise forecasts about the future but instead offered the invited audience of 600 business leaders, senior bankers, stockbrokers, government officials and financial journalists what be called "building blocks" for their own thinking about the future. He first reminded the symposium of two trends, the century long decline in the return on capital and in the real rate of interest. But equally he emphasised the significance of buman capital, in the shape of education and skills, in relation to physical capital, pointing out that studies had shown that the two were of equal importance in a number of industries. Professor Tinbergen agreed that there would be increased de-centralisation bur reminded the audience that there would always be certain types of decision, say about the environment, that were best taken at the level of national governments or even by groups of states and he gave the example of the pollution problems of the River Rhine. Indeed rather than de-centralisation Professor Tinbergen emphasised participation. Profit sharing might have to be made a general characteristic of industry.

After Professor Tinbergen, Robeco's guests heard from one of the most famous thinkers in the world of stock exchange investment, Dr. Henry Kaufman of Salomon Brothers in New York. He looked at what might happen m equity markets during the next few decades. He pointed out first that the equity market would have m contend with intensified competition from the debt market. We will see extensive innovation in marketable debt instruments, he said. Virtually everyone will be paid a market interest rate.

All the same equity markets will not only continue to expand, in Dr. Kaufman's view, but will also become more international. Investors can achieve less volatility of return through international diversification; in any case an increasing number of stocks are traded on more than one national exchange and the information gap is being narrowed.

Theo Dr. Kaufman went on to emphasise the rapid development of what he called "various types of proxy instrument" such as options, index futures, options on futures and options on indices for cash settlement. He pointed out that whereas the average daily volume on the New York stock exchange was \$3.2 billion in September, 1983, the underlying value of the stock futures contracts was \$3.7 billion.

Dr. Kaufman stated the arguments about the merits of proxy instruments, whether they reduce risk or stimulate speculation, and then reminded the audience of a warning given many years ago by John Maynard Keynes: "as the organisation of investment markets improves, the risk of the predominance of speculation does, however, increase." And Dr. Kaufman added that participants in the financial market should recognise that "we are not running casinos, but rather organisations that should belp to channel funds to the most productive and efficieot economic good".

Investment decision taking

The way Robeco takes investment decisions is bound to be a little special. The group is concerned with only three large stock exchange funds, Robeco and Rolinco in equities and Rorento in bonds, and with a small amount of pension fund business whereas many investment management groups may have a dozen or more separately quoted funds to consider, many of them much smaller and narrowly specialist in nature. In Britain indeed there may be a mix of unit trust, investment trusts and pension funds under one roof. Moreover Robeco's funds are entirely international in character and always have been; investment decisions, therefore, are invariably taken on a global basis. And aloogside this second characteristic goes a third: a liking for the strategic approach. Decision taking begins with countries and then looks at sectors; and only in the light of this analysis are individual companies examined. Last of all it is decided what actual size of stake shonld be taken by Robeco or Rolinco. Similarly with the bond fund, Rorento, where the starting point is currencies.

Strategic planning

These factors determine the shape of Robeco's investment team. There are three departments covering countries – North America, Far East and Europe. The largest number of analysts are in the European section because of the sheer number of individual countries involved. In addition there is a cash managemcot and currency departmeot. These groups in turn service the directors wbo have the final responsibility for the individual funds and wbo, therefore, make the ultimate decisions.

Into these departments come the wealth of research material produced by stockbroking firms and banks in the main financial centres through whom the Robeco funds deal. Indeed there is a sense in which Robeco analysts do research on researcb; they develop a feel for what is reliable out of the great range of work which they receive.

But naturally they also carry out a good deal of analysis directly, visiting individual companies and territories. The chief countries in which Robeco is interested are journeyed to at least once or twice a year.

The input of the currency section is a little differeot, being interested in the technical side of markets as well as in macro-economic analysis. Work on balance of payments trends is significant and the group's currency experts will also be trying to weigh up the purely psychological factors that sometimes seem to move financial markets.

Every week, on Wednesday mornings, much of this work by the departments finds a focus in two important meetings. At the first one, almost the entire investmeot team – some 20 to 25 people – meets together to discuss matters of the moment. There is generally one special topic on the agenda, which may well be an individual territory, that will be discussed in detail on the basis of a special report, say 30 to 40 pages long. Sometimes sectors of the market are looked at – oils for instance. Or some important political event might be the main subject, perhaps the result of a receot general election. But individual companies are never discussed in this forum.

Immediately after this large gathering there is a meeting of the much smaller Robeco investment committee. Attending would be the three main area chiefs, plus the managing director of Robeco and Rolinco, and the managing director of Rorento and the manager of pension fund monies, six altogether. Here broad decisions are taken, more io the form of liquidities and percentages than action on individual shares. It may be decided, for instance, to increase Robeco/Rolinco exposure in Germany or shade the funds' holdings in Australia or the amount of forward cover taken out in an individual currency may be altered.

Detailed analysis

Only after this disciplined thinking comes the critical question of which shares; though decisions may be taken at any time. This is decided by the fund managers on the basis of recommendations from the experts on the country concerned. And these country experts are the people who finally place the buying or selling orders; there is no dealing room as such. At this final stage purely technical factors will come into play, concerning for instance the marketability of a particular share. Because Robeco never buys a share without being confident that it can sell wben it chooses, in certain markets it is confined to a handful of names – West Germany is an example. By contrast the Loodon market is much more fluid.

But as a loog term investor, Robeco is conscious that the worst mistake is to sell at too low a price; it is somewhat less worrying to find that you have bought too expensively. The missed opportunity may never recur whereas paying too much is a bearable cost if the ultimate reward is good.

Finally the Robeco investment team prides itself on its ability to take fast decisions. The structure described above may appear elaborate but in practice the lines of communication are short and reaction almost instantaneous. This is the virtue of integrating investment management and research in one, relatively small team.

The managers tell of one famous occasion wben news of President Breshnev's death immediately affected curreocy markets and drove the guilder out of line with the dollar. Within teo minutes Robeco had acted to take advantage of this temporary anomaly. The fund managers could move so quickly because they had already discussed the logic of the situation in some depth. They had a special department thinking about such matters. And they knew that, living in a hard currency area, they must always be prepared to hedge their positions through the forward markets in foreign exchange.

The Robeco interview

Working as an investment manager for Robeco, you must think internationally; you must consider political and social trends as well as economic and business developments and you must be prepared to look far into the future. What follows is the transcript of a discussion about the investment outlook that took place in Rotterdam recently between four Robeco senior portfolio managers; the participants were J. M. Donker (bonds), I. Maartense (Far East and Australia), P. L. A. Verhoeff (Europe) and J. R. Voûte (U.S. and Canada). The subject matter ranged from the economic outlook for the 1980s to the use of futures markets. Naturally, as with any group, the four men did not always agree.

Q: *What sort of world economy are we looking at through the 1980s, remembering in particular the deflationary impact both of a cutback in bank lending and of increased protectionism?*

Verhoeff: There is something wrong fundamentally. For instance here in Holland we have a rate of inflation now going in the direction of 3 per cent while we have an interest rate of around 9 per cent. The possibility that deflation is coming back is not all that far-fetched. But for the time being we have the positive effects of lower inflation rates and this may continue for some time.

Donker: One objection – I'm not too impressed these days by real interest rates of 3 to 4 per cent. For me it is part of the penalty which we have m pay for 10 to 15 years of maybe nominal but basically negative rates. And when we remember that in almost all cases, interest paid is deductable, this means that with the current perception of inflationary trends, after-tax rates are still close to zero. It is, therefore, a little more complicated than just looking at those high real returns.

Verhoeff: The price of money is set by the governments and the negative side effect of that price is that the private economy everywhere is in a poor condition; and the outcome of that is high unemployment. That leaves us with the problem of financing a social benefit system yet also controlling government deficits. We need an answer to this problem. Some people are optimistic about the outcome: inflation will go down, interest rates will go down, we will have time for recovery. But then they should also answer the question whether governments or people are ready to be patient.

Voûte: There is another question that we should ask. How bad are those budget deficits? Basically I am rather optimistic about them if we happen to see one or two years of good growth both over here and in the United States.

Donker: The 1980s are running the film of the 1970s, only backwards.

Voûte: That is not a happy prospect; as the 1970s have been highly turbulent it means that the 1980s will be the same. But the secular trend surely will be disinflation, just as the secular trend in the 1970s has been inflation.

Q: *Running the film of the 1970s backwards we end up with the 1960s and into an increasingly better and better period. But what about the possibility of increased protectionism? This reminds us not of the 1970s nor of the 1960s but of the 1930s.*

Maartense: If we get growth in the next few years, I think that protectionism will lose some of its urgency. Moreover if you take the example of Europe vis-a-vis Japanese producers, we see that protectionism always comes too late. Look at the products that they want to protect. They all comprise saturated markets like automobiles in the U.S., television, those kinds of things. Protectionism comes when the division of labour has already taken place. In the meantime Japan has a booming export in new products with growth markets such as computers, chips etc.

Voûte: In any case Europe and the U.S. are protectionist only against a country, Japan, which itself is highly protectionist and always has been. I would be much more worried if there was a lot of protectionism going on between the United States and Europe.

Q: *What about the international debt crisis which has gripped so many countries, the whole of South America and so on?*

Maartense: It is probably one of the reasons for real interest rates being so high. The difference between a first-class company borrowing money or Brazil borrowing money is so narrow. In fact the good company is punished.

Q: *Banks everywhere will be more cautious?*

Verhoeff: They ask for another guarantee to continue the loan. They only continue if they get a 100 per cent government guarantee. Or we invent an institution which can do the job.

Voûte: A rolling loan gathers no loss! It would be very helpful if oil prices could come down much more, because in that way you could concentrate a little bit more on countries that have real problems. It is easier to find a solution for four or five countries than for a large group.

Q: *May we try to sum up our views about the second half of the 1980s?*

Donker: I would go for a reasonable inflation rate rather than the very deflationary trends visible now. For places like Holland and Germany that means an inflation rate of 4 or 5 per cent; and for the United States and the United Kingdom an inflation rate of 6 per cent. Not an exaggerated growth rate, let us say an average for the second half of the 1980s of something like 2½ or 3 per cent per annum compound.

Q: *I think you are implying continuing high unemployment?*

Donker: For this country (Holland) I am even expecting much higher numbers than we have now. People are going for 1 million but I would not be surprised to see up to 1½ million in the second half of this decade. All the same I am pretty optimistic for financial assets. There will be no reason for hoarding nor for frantically collecting all kinds of things; just financial assets upon which there will be moderate but fair rewards.

Voûte: And the worst investment will be cash?

Donker: Probably. No the worst investment will be collectibles.

Verhoeff: We have high unemployment, which at least produces low wage demands, but at the same time we have to solve the problems. We will do so, but in what way I don't know. We will create new jobs, like we did in the 1930s, and again in the 1950s. I believe and hope that the recovery will be slow, otherwise we may create all sorts of tensions again. We are in the middle of all kinds of imbalances and I think there will be a hectic period.

Maartense: I am very optimistic in the short term, let's say one or two years. Five years is too far away for me to make any predictions because I agree that there are many imbalances in the system. But the low inflation rate, wage moderation and the political willingness to restrict government bodget deficits in most OECD countries raises bopes for a better environment for private business activities.

Q: *What about the investment climate itself? The U.S. and and Japan seem fundamentally capitalist but here in Europe there is always a risk of governments swinging to the left.*

Donker: I would like to advance the opposite point of view. In Europe now there are clear signs that governments are pro-investment. In the United Kingdom we see state owned companies being floated on the stock exchange. Elsewhere there are all kinds of tax incentives rather than subsidies going to the wroog places and wrong projects.

Q: *What about France?*

Maartense: The left wing government in France has continued all the incentives for equity investment in a form similar to those introduced by the previous government of prime minister Barre.

Q: *Do you expect capital markets in Europe to become more fluid?*

Verhoeff: Oh, yes; we are now in the process at last of taking back some of what we have lost. But it will take time. We have been on the right course, I think, for two years.

Donker: I admire London for bringing new blood to the market place. Not all the flotations are exotic, nor technology oriented, nor do they create thousands of jobs, but every week there are five or so new issues in the U.K., not to mention the American market over-the-counter which is very busy indeed. Now in Germany and Holland we woo't get that for years and years.

Voûte: I would not be surprised to see issues of smaller companies in Holland and Germany. It is not happening yet but what I notice is the break-up of big companies and the parts surviving. I think eventually there will be new issues for smaller but more viable companies.

Verhoeff: Two years ago there was an introduction of a Dutch company on the London Stock Exchange because there was no market here to supply the money.

Donker: None of the banks was willing to underwrite four times earnings at that particular time.

Q: *Could you comment on the development of various kinds of futures market?*

Verhoeff: For a few years, we are dealing in options on the Amsterdam Stock Exchange.

Voûte: I am convinced that five years from now we will be using futures.

Maartense: But the question is: will it basically change our business?

Voûte and Donker: Very much so.

Q: *Why?*

Voûte: Because it will force us m have a much clearer view. You won't be able to say I am perfectly happy with my portfolio.

Verhoeff: You may have made the excuse that you could not act through the market; with futures you can.

Donker: It is not only a matter of hedging, it is also creating facilities and attitudes.

Q: *Aren't futures one of the developments that are making financial markets much more volatile?*

Voûte: You can say that volatility is the result of futures markets and all the new financial instruments. But that may be an over-simplification. It may be the result of the policies we followed in the 1970s; maybe volatility will be the last thing to peak out.

Q: *Changing the subject: do you see Japan continuing to perform better than the rest of us in Europe and North America? You have owned Japanese stocks since 1962.*

Maartense: In the long run I don't think so. I see a lot of things changing. Japan will remain an interesting area but probably not for the same reasons as during the past 25 years. And growth is probably one of the things that is changing. The Japanese economy is grown up; it has conquered a large share of the market all over the world. The expansion of the Japanese economy in the 1960s all took place in beavy industry; that is finished already.

Q: *But then came motor cars, and after the motor cars there arrived the cameras and more recently the video recorders; something fresh will surely be exported in vast quantities from Japan next year – voice machines, perhaps, so that when I talk English to you, you can reply in Dutch?*

Maartense: Of course electronics will take over a lot of the old export items, but this does not bave the same effect on the Japanese economy. Chip-making does not have such a multiplier effect on suppliers and therefore employment as steel making or automobile manufacture. So you can very well imagine that even if America and Europe grow by 3 or 4 per cent on average in the next five years, that Japan grows by only 2 per cent on average – still doing fine, still a nice place in which to invest your money, but not a miracle. The idea that if you put your money in a broadly based portfolio of Japanese sbares and everything will be alright is over, I think.

Donker: May I add one more thought: Japan is becoming more internationalised. We have seen massive capital outflows; in the old days that would not have happened.

Maartense: If there is a strong recovery in the U.S. this year and next, then I imagine the American economy will exceed Japan's rate of growth.

Q: *When the compact disc machine was recently introduced, I noticed that there was one European supplier, Philips, and the rest were Japanese; in other words, no purely American manufacturer. Is that symptomatic?*

Verhoeff: Symptomatic in that Philips is tbe only remaining company in Europe that can compete in consumer products with the Japanese.

Four of the Group's senior portfolio managers.
From left to right: P.L.A. Verhoeff, J.R. Voûte, J.M. Donker, I. Maartense.

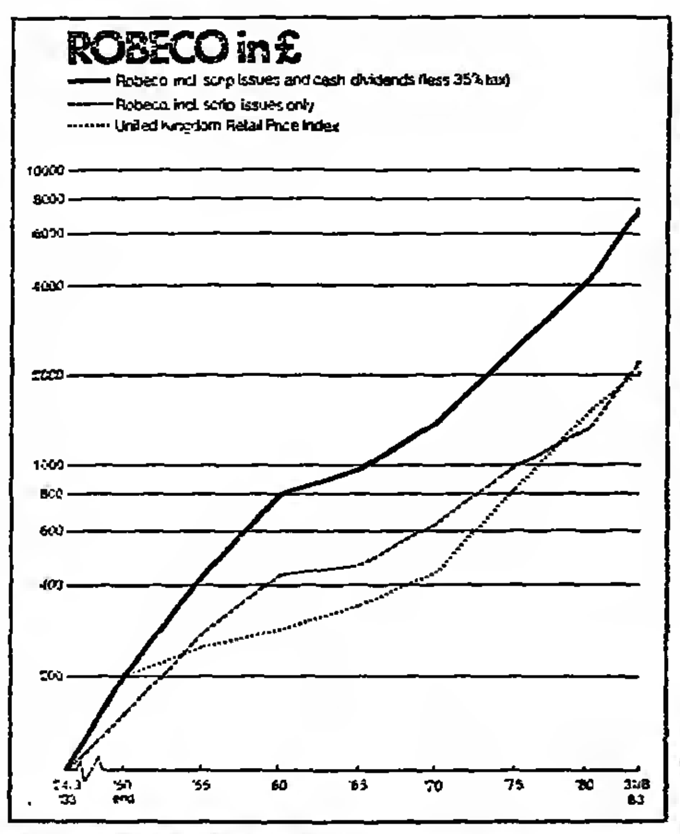
ROBECO

Robeco is the big, flagship fund of the Robeco Group. The £1.47bn portfolio which we see today has grown without break from £276,000 worth of shares in 1933. And it would be even bigger, perhaps, had it not spun off three specialist funds in the past twenty years, Rolinco, Rorento and Rodamco. The original managers are long since dead but the original philosophy survives. As the managers stated in the 1980 report, following the second oil crisis: "despite the increased political tensions in some parts of the world, the decline in economic development in a number of important countries and gloomy business reports, a well-selected portfolio of stocks and shares with a good spread across geographical areas and business sectors can yet produce good investment results, even under these circumstances". In that particular year net asset value per share had risen by 28 per cent. The following year the theme of the well-diversified portfolio was further elaborated when the managing directors told shareholders that "there are always companies in a favourable position, because demand for their products continues steadily or even grows . . . moreover it is a fact that sometimes certain countries perform better than the world average and that is the time to concentrate a greater part of one's portfolio in these countries." In short Robeco aims at stable investment results, combining a growing cash dividend and appreciating assets.

Looking back over the past five years, the main changes in the geographical spread of the portfolio have been a decrease in European holdings from 36 per cent to 31 per cent at the same time that North American holdings have risen from 28.7 to 42.2 per cent of assets and Japanese shares have come to absorb 15.3 per cent of Robeco's resources compared with 9.7 per cent in 1978. One major reason for the switch has been the behaviour of currencies. On balance the dollar has been strong throughout the period. In the five years 1978-82 inclusive the dollar appreciated against the french franc by 46 per cent, against the dutch guilder by 23.6 per cent, against the deutschemark by 21 per cent and against the pound sterling by 9.8 per cent. As Robeco's managers observed in 1978: "ultimate investment results were more often than not determined by . . . selection of currencies rather than choice of stocks". Moreover the managers go further than simply trying to select right stock markets; they also from time to time hedge their currency positions. The 1982 accounts, for instance, show that at December 31, $329m and DM50.5m had been sold forward against fls.964m. As for Japan's increasing claim on Robeco's resources, not only has the currency tended to perform well, but economic growth has remained positive virtually throughout the period and always superior to what has been achieved in North America or in Western Europe.

The most dramatic change in the type of shares held by Robeco during the past five years has been the rise and fall of the oil sector. Oil shares comprised 10.3 per cent of the 1978 portfolio; by 1980 they had grown to absorb 21.2 per cent of the fund's assets. But by mid 1983 their proportion was back down to 12.4 per cent. Marching up and then down with oil shares was a much smaller interest in mining shares – 2.9 per cent of the portfolio in 1980, 1.4 per cent in 1983. And naturally when oil was in, utilities and chemicals were less attractive; their combined proportion fell from 13.8 per cent in 1978 to 10.7 per cent in 1980 but has since recovered to 13.1 per cent in 1983. Three other changes are worthy of attention. The always large holding in financial institutions is not quite so large as it was – coming down from 19.4 per cent in 1978 to 16.2 per cent by mid 1983. Holdings in commercial and transport companies have risen each year, from 5.4 per cent of the portfolio in 1978 to 9.15 per cent in 1983. And holdings in office equipment companies have tended to grow in importance, doubling their proportion over the five year period from 2.10 per cent to 4.35 per cent.

Finally there is one curiosity in Robeco's portfolio – an interest in a German anthracite mine, Sophia-Jacoba. This large, modern undertaking, employing thousands of workers, was acquired just before the first oil crisis of 1973-74 quite fortuitously when another Dutch investment company, Unitas, was absorbed into Robeco. It has since earned its keep.

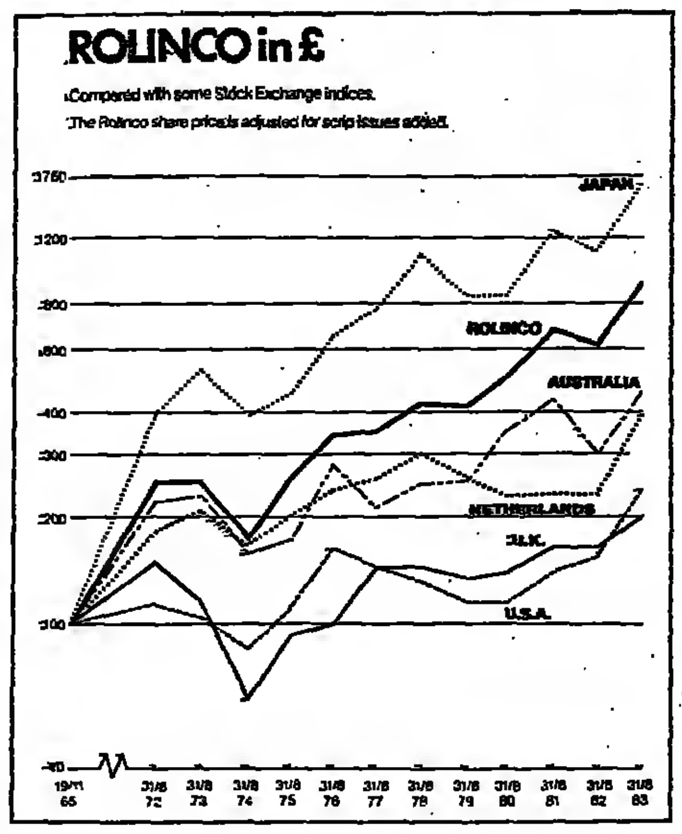


ROLINCO

Rolinco is just over half the size of Robeco, though with £890m of assets it is still substantial. But Rolinco is more aggressively managed than Robeco, more inclined to sacrifice income for growth in the future. The neatest way of illustrating this is to look at the last balance sheets of the two funds: Rolinco earned 3.81 per cent on its assets whereas Robeco achieved a return of 5.26 per cent. But equally, Rolinco's asset value per share has grown more strongly than Robeco's during the past five years.

Another difference is that Rolinco seems prepared to go either more liquid or less liquid than Robeco at a given time. Indeed the proportion of Rolinco's assets comprising cash reached 13 per cent at moments during 1978-79 and has even been as high as 19.2 per cent. Rolinco has also paid more attention to the secondary stock markets than Robeco, investing on occasions more heavily in, say Hong Kong and Australia. In Rolinco's report for 1979-80, for instance, the largest single holding was Santos, Australia's leading on-shore oil and gas company. As the managers have explained in recent reports: "growth manifests itself in many places thoughout the world but not in the uniform way of former years. Selection of the right companies is more important than ever". This was followed up a year later by the observation that "the higher risks involved at present will stimulate us to an even greater extent to spread our investments across countries and currencies".

Naturally the two funds follow roughly the same broad policies, shifting their emphasis between geographical regions and between industrial and commercial sectors at much the same times and in much the same direction. But it is notable that Rolinco goes a little further on each occasion. Take the case of Japan: during the past five years Rolinco has pushed its proportion of assets invested in that country up to 18.88 whereas Robeco's highest percentage has been 13.8 per cent. Or there is the example of oil shares; while Robeco's proportion shot up from 10.3 per cent to 21.2 per cent between 1978 and 1980, Rolinco's proportion went from 12.40 to 26.75 per cent. Along with the energy sector, Rolinco has also given considerable emphasis to technology stocks. "Considerable" purchases of technology shares in the US were made in 1977-78 and then again in 1978-79, sometime before the sector became fashionable with investors.

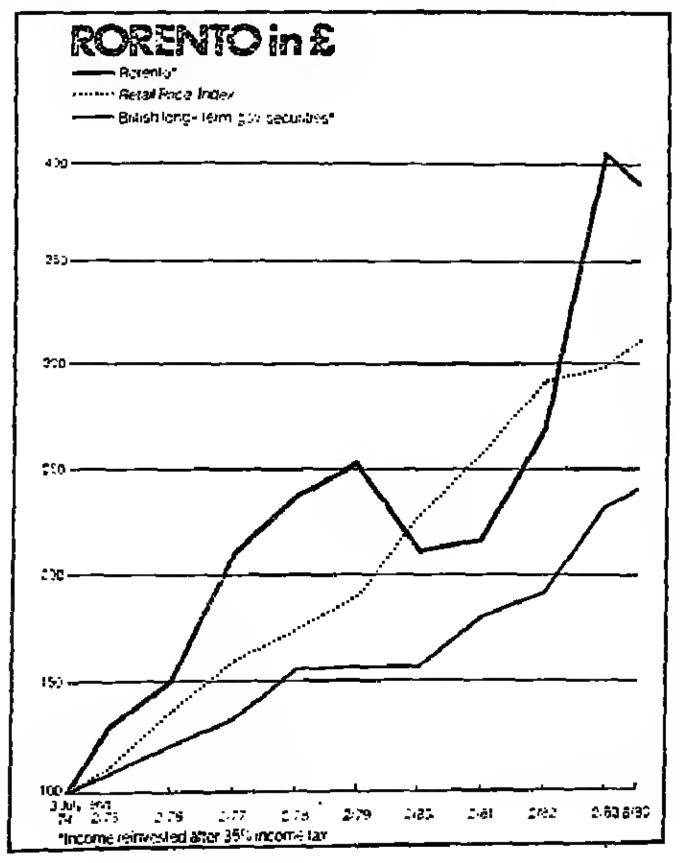


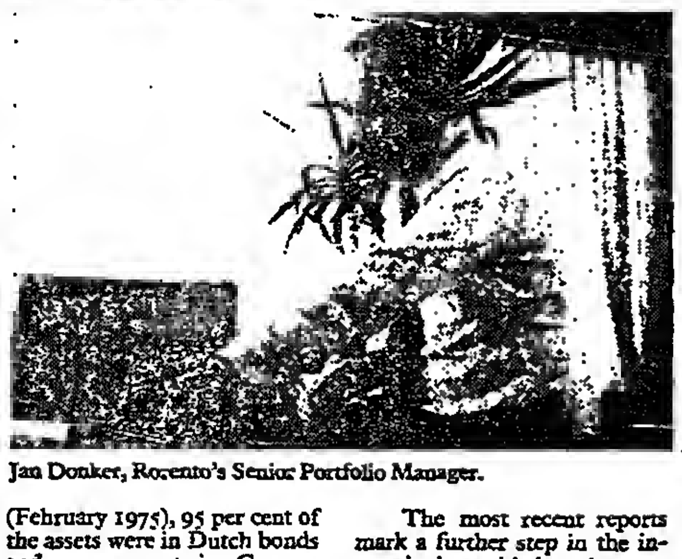
RORENTO

Rorento, the bond fund in the group, has been a star performer since it was founded in July 1974. From that date the value of the shares has grown in every year except two, 1979 and 1980. It has also been immensely popular, steadily attracting new subscribers; the only period of shrinkage coincided not only with a decline in the share price but also with a period of uncertainty for Dutch investors because of changes in local tax laws. Recently Rorento has been particularly attractive to French investors. Thus in the nine years of its existence, Rorento has actually overtaken Rolinco in size and is not far behind Robeco. Worth today a little over £1bn, it may be the largest international bond fund in the world.

At the time of Rorento's launch the Robeco board of directors commented that as interest rates had showed greater and more rapid changes and as monetary unrest increased, the need for "this third investment company became ever more obvious". They added that "bonds no longer gather dust". Yield would be the aim and fixed interest securities the means. They explained that anticipating changes in the level of interest may, in times of rising interest rates, limit capital losses, whereas, when interest rates show a downward trend, a switch into long-term bonds will achieve capital gains without sacrificing too much yield. Less emphasis was then placed upon taking advantage of currency fluctuations than has been the case more recently. Curacao was chosen as the registered office of the company for tax reasons; moreover its law is closely allied to Dutch company law.

Rorento was made available first to Dutch investors before being quoted on other European stock exchanges and they were able to subscribe by surrendering Dutch government bonds or similar securities as well as by putting up cash. This suited the managers, because although the trust was to be run along the same international lines as its two sister companies, Dutch fixed interest securities were anyway viewed favourably. The only other country thought attractive for bond investors at that time was West Germany; the upshot was that by the end of the company's first financial period (February 1975), 95 per cent of the assets were in Dutch bonds and 5 per cent in German bonds.





Jan Donker, Rorento's Senior Portfolio Manager.

A different style

But it quickly became evident that Rorento's style would be very different from the two equity funds. The Rorento managers were prepared to make dramatic changes in holdings in terms of countries, liquidity and maturities. In 1976-77, for instance, the proportion of the fund held in Dutch securities was halved and American bonds were bought on a large scale. As the managers told shareholders in the annual report: "we have made sweeping changes in our investment policy". A year later the managers re-stated their policy, noting that declining interest rates cause us to invest largely in long-term bonds but when interest rates go up, one measure is to keep money on deposit. But they added that "an investment policy like this can only be effective if it is pursued on a world wide scale". "Moreover if the currency in an investment country of our choice tends to weaken, we try to guard against the risk of capital loss by effecting cover transactions on the forward exchange market". So we find that dollar bonds moved down from 34 per cent of the portfolio in February 1976 to zero between 1978 and 1980; during which time the dollar fell significantly. Then there was a turnround and in February 1981 a currency position of over 50 per cent in dollar assets was re-established. Some countries have made only fleeting appearances in Rorento's portfolio. Japanese bonds were first purchased in 1977 and then held for about two years; they came back in 1981 only to disappear twelve months later. But the latest report shows that 18.5 per cent of the fund's assets are in Japan. There has been a similarly volatile pattern in holding of sterling securities. At times, too, Rorento can move heavily into cash; the highest cash proportion to date has been around 35 per cent.

The most recent reports mark a further step in the increasingly sophisticated management of Rorento. For a clear distinction is made between bonds and currencies. While 39.6 per cent of the fund was invested in dollar bonds at the end of August 1983, forward sales of dollars had reduced exposure in the American currency to 10.1 per cent. And since then, dollars have disappeared completely from Rorento's assets. The yen exposure of 29% at the end of August has meanwhile been reduced to a mere 2%. During 1982-83, part of Rorento's liquid assets had been invested in high yielding French franc deposits but not for so long that their value was reduced by devaluation. Rorento was also prepared to invest in a British novelty – government securities whose value is indexed to the real rate of inflation. In addition the fund took a stake in French government securities indexed to the price of gold.

Rorento's managers now consider currency movements even more important than interest rates trends, although the two are closely linked. This indeed is a fund that depends upon fast decisions simply because monetary conditions themselves fluctuate so sharply. The "equity" concept of a core holding or a long term view is less appropriate to a bond fund as assets have to be moved from country to country, between cash and bonds and up and down the maturity range in order to give a satisfactory performance. But the proof of the pudding is in the eating – 90 per cent appreciation in nine years in terms of Dutch currency, staying well ahead of the rate of inflation. In sterling and other weaker currencies, the gain has been even more spectacular.

Finally it must be mentioned that Rorento is an accumulator trust that does not distribute its income, which becomes part of net assets. This may have tax advantages for investors depending upon their country of residence.

RODAMCO

Since 1979 Robeco has been applying its unique investment philosophy to property. It was in March of that year that the group launched Rodamco, a property investment trust. Typically its aim was to achieve "a combination of yield and capital appreciation" by means of investment in quality properties. As with the other three funds, "Rodamco will apply the principle of spreading the risk . . . this spread will be both international and will relate to the type of property". Other elements in the Robeco formula were also applied to the new fund; thus the shares would be quoted daily at close to net asset value and would be tradable on most European stock exchanges. One more shared characteristic can also be mentioned – the focus on investment in both Western Europe and in the United States.

Some 3.69 million shares were originally offered to the public at fls.100 each, but demand at the time of the launch was so good that in fact 4.05 million were allotted. Now there are some 7.5m shares in issue trading at around fls.127. So progress has been steady. The early 1980s have not been a particularly easy time for property investors; the recession has had an impact in this sector of the economy as elsewhere. The managers commented in the 1980-81 annual report that it is a fact that the developments which have occurred since the first oil crisis of 1973-74 "have affected the property markets to a large extent". A year later the managers revealed that trends in shops and shopping centres in the Netherlands had been adverse and that the Belgium property market continued to be weak. But as against that, the German market was stable and good progress continued to be made in the United States.

Indeed the proportion of total assets held in the United States and Germany has significantly increased over the past four years.

On the opening day, so to speak, 38 per cent of the fund's assets were situated in the United States; now that proportion is more than 12 points higher at over 50 per cent. The German assets, too, have risen from 6.1 per cent of the portfolio to 15.3 per cent during the same period. Travelling in the opposite direction have been the fund's holding in the Netherlands itself (down from 45 per cent to 25 per cent) and in Belgium (today just over 5 per cent compared with 7.9 per cent). The proportion held in France has gone up somewhat as well, from 2.9 to 4.3 per cent. Rodamco owns one major property there.

It is perhaps notable that no English real estate has been acquired. A start may be made soon, but indirectly by buying shares in British property companies rather than directly. In addition the managers are considering the case for property investment in territories such as Australia.

Unfortunately attractive investment opportunities may be offset by currency risks. Rodamco has two answers to this problem. It hedges some currency risks in the forward exchange markets, as do the other Robeco investment companies, and the annual reports reveal the extent of this at the balance sheet date. It may also vary the financing of certain properties so as to provide foreign exchange cover. There is a good deal of scope for this as typically gearing amounts to about 25 per cent, comparing loans with balance sheet totals, or 30 per cent, comparing loans with actual real estate values.

Property diversification

Diversification is also achieved by investing in different types of property. Rodamco has always refused to become involved in residential or agricultural holdings because the former is subject to government intervention and both types may be made unattractive for foreign investors. This leaves the traditional categories of shops and shopping centres, offices and industrial property (warehouses not factories) to be considered. The present proportions of 40.9 per cent in shops, 46.7 per cent in offices, 11.9 per cent in warehouses and 0.5 per cent miscellaneous, have not greatly shifted since the beginning.

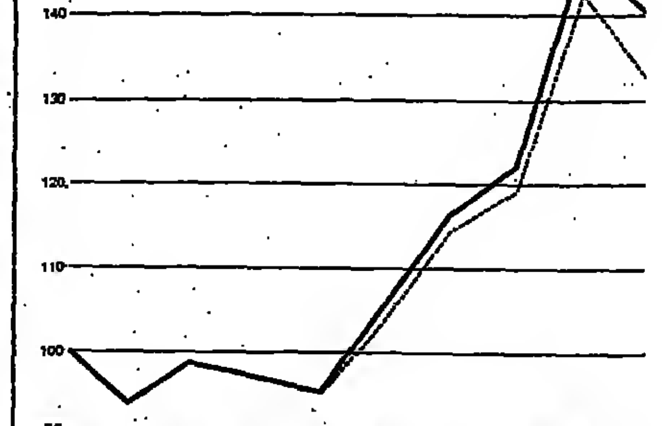
It is a further principle that the fund is not involved in property development. It buys and holds only mature properties which are fully let, or nearly fully with a good chance of filling the remainder.

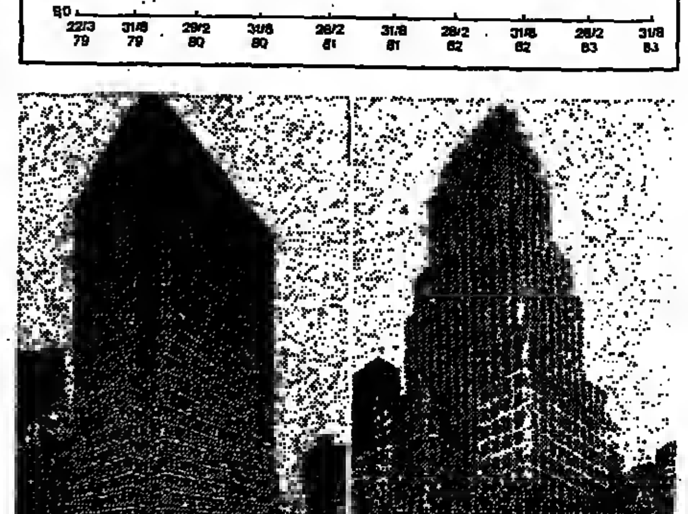
Rodamco holds its properties in two main ways. First a good part of its European assets are held directly, with in many cases a 100 per cent interest in individual properties. The second method applies to Rodamco's American interests: all of its US exposure comes from a 43% interest in Hexalon Real Estate, a real estate investment trust which is slightly bigger than Rodamco itself. The other partners in Hexalon are also Dutch institutional investors, but Rodamco is the largest participant; Hexalon has an office in Atlanta and employs a predominantly American staff.

Rodamco itself only employs some 20 people – portfolio managers, expert administrative staff and secretarial. It contracts out the day to day management of its properties to local agents, regarding highly, as it does, local knowledge. In this way the costs of running a substantial international portfolio are kept variable, thus enhancing the fund's capability of varying its investments.

Finally there are the crucial questions of valuation and liquidity, both of which need most careful handling in the case of a property investment company whose shares are traded daily at close to asset value. The whole portfolio is valued once a year on a rolling basis, which means that the values of one quarter of the portfolio are updated every three months. In addition the company's auditors examine the books twice a year and are able to question the valuers.

Liquidity is important because the managers may have to absorb excess sales of the shares in order to keep the stockmarket price close to net asset value. In fact there have not often been such net redemptions but the eventuality always exists. Part of the answer is a stand-by credit facility of fls.150 million (or about £33m.) arranged with one of the major Dutch banks. The low gearing, too, provides a safeguard because it could easily be increased to provide liquidity if necessary. In this cautious way this international property fund, now worth over £200 million, continues to make unspectacular progress producing a good return but mercifully free of controversy.





Two of the U.S. properties in the Rodamco portfolio, held through Hexalon Real Estate Inc. *Left*, State Street Bank Building, Boston. *Right*, 745 Fifth Avenue, New York.

BIDS AND DEALS

Atlantic Computers in £15m purchase

By David Dodwell

Atlantic Computers, launched on the London Stock Exchange just two months ago, yesterday revealed an agreed bid for the privately-owned Lion Systems Developments in a deal worth almost £15m.

Atlantic, which was founded in 1977, refurbishes and leases mainframe computers. Mr John Fouston, chairman and chief executive of Atlantic, yesterday talked of "an almost perfect complemantarity" of interests with Lion, which since being founded in 1967 has essentially manufactured the communications and telecommunicetions systems that link computers with the terminals on users' desks.

Atlantic provides Lion with a "blue chip customer base" of about 340 installations, while Lion will provide the group with technical and manufacturing expertise it could not otherwise acquire, Atlantic said. Lion's main clients are bank, government departmants, and businesses.

Atlantic is issuing to the three men who own Lion 2.4m of its own shares, a 9.1 per cent stake in the company's expanded share capital, which at yesterday's closing price of 412p was worth £9.8m. The shares rose 32p on the day.

In addition, Atlantic is providing £4.1m of 1 per cent loan notes redeemable in April 1984 and 1985, and will pay £1m in cash on completion of the deal. This makes the deal worth an aggregate of £14.9m.

Both companies have grown rapidly in recent years. Atlantic has seen pre-tax profits rise from £1.17m in 1978 to £2.6m in the year to December 1982, after a hiccup in 1980. Turnover during the same period has risen from £11.5m to almost £34m. The company forecasts profits of £5.1m for 1983.

As at February 28 this year, Lion earned pre-tax profits for the preceeding year of £1.28m. In the seven months to last September it earned £1.37m, and has warranted 10-month profits to December 31 of not less than £1.65m—on a turnover of £5.2m.

Rank sells NEC stake to Japanese

BY DAVID DODWELL

Rank Industries Australia, the wholly-owned subsidiary of Rank Organisation, the office equipment, leisure and industrial holding group, plans to sell its 60 per cent stake in Rank-NEC to NEC, the Japanese electronics group for an undisclosed sum.

The company, set up in 1974 to manufacture and market televisions, has been hard hit by intense competition and severe recession in Australia. It accounted for a large proportion of the £6m loss reported by Rank Industries Australia in the financial year ended October 31 1982.

The disposal, which the company said had not been made at a loss, is the first major move to reorganise the hard-pressed group's operations under Mr Michael Gifford, who was appointed group chief executive on September 1.

News of the deal lifted Rank's shares by 3p on the London Stock Exchange, where they closed at 195p. The deal remains subject to approval by the Australian Government, under the Foreign Takeovers Act.

A spokesman for Rank said in London yesterday that losses had continued in Australia during the first half of the financial year that ended October last—trading losses amounted to £1.8m.

He said that the disposal of its stake in Rank-NEC was "one of a number of measures that are being taken as part of a programme of reorganisation."

Rank Arena brand refrigerators and freezers, until now marketed by Rank-NEC, will now be manufactured and marketed by the group's other main subsidiary in Australia, Rank Major Appliances.

This company already makes General Electric and Rank Arena refrigerators, and distributes other General Electric appliances. It also made losses in 1982.

NEC Corporation will continue to produce televisions from its plant at Penrith in New South Wales. It also markets video cassette recorders, air conditioners, microwave ovens and audio equipment. The company will continue to use the brand names, Rank Arena and NEC.

Dunhill expands to £4.2m

PRE-TAX profits of Dunhill Holdings, subsidiary of Rothmans International, expanded from £2.35m to £4.21m for the six months ended September 30 1983, and compares with £5.92m for the whole of the 1982-83 year.

Turnover of this manufacturer of lighters, watches and pipes, rose from £36.47m to £44.48m and directors are lifting the interim dividend by 1p to 6p net per 10p share—last year's final distribution was 7p.

Directors say that the exchange rates which prevailed during the six months were a factor in the improved results.

In addition, higher levels of performance were achieved from operations.

After tax of £1.66m (£860,0..) and minority interests, £9,000 (£13,000) the attributable balance came through at £2.55m, against £1.5m. Dividends will absorb £504,000 (£420,000).

Another Tecalemit forecast

BY RAY MAUGHAN

It was the turn of Tecalemit, the garage equipment manufacturer, to produce its own forecasts yesterday in the face of the disputed £18.3m equity or cash bod from Siebe Gorman.

Tecalemit is predicting profits before tax of about £1.5m, against £603,000, in the six months to September 30 next year, which will include a surplus of £250,000 (£231,000) from 'continuing property activities."

Siebe, which makes protective clothing, engineering and safety products, has already said that its profits for the six months to September this year have risen from £1.94m to £3.6m.

That forecast was made in pursuit of the three for 20 equity offer—and cash alternative—and in response to Tecalemit's earlier forecast for the current year to March which indicated profits of £1.75m against just £147,000. In both cases, Tecalemit was incorporating significant property profits.

Now the defence is going 10 months out with the latest forecast and is backing that up with a prediction that the interim dividend for that six month period will be 1.3p net per share.

The final distribution for Tecalemit's year to March 1984 is already set to go up by 0.3p to 1.1p per share

But, the payments made, declared or proposed in respect of the year to September 1984 of 2.4p per share are expected to be covered about twice by available after-tax earnings

The board, headed by Mr Clive de Paula, points out that it has previously paid the interim and final dividends in equal amounts so, on an annualised basis, the dividend forecast for next year would represent total dividends of 2.6p per share, the equivalent of a 7.5 per cent gross yield on the 49.5p per share cash offer.

The forecast for the 12 months ended September 30 next year, together with an anticipated tax charge at the rate of 40 per cent, would imply a p/e of "only 10.2 times the value of the cash offer."

Liquidator for Ranks Hovis Irish offshoot

Ranks Hovis McDougall, one of Britain's leading food groups, yesterday revealed that a provisional liquidator has been appointed for Ranks (Ireland), its 74.5 per cent owned subsidiary.

The appointment of Mr John Donnelly, a senior partner of Deloitte Haskins and Sells in Dublin as liquidator follows a period of "very considerable losses" in Ranks (Ireland), the parent company said yesterday. The Dublin High Court is expected to hear the petition for an official winding up in about two weeks.

The company's two flour mills in Limerick and Dublin were closed in February following a month-long strike over redundancy payments for the mills' 450 employees. Its two bakeries in Cork and Dublin were closed last year. It is understood that about a dozen employees are still occupying the Dublin flour mill.

Share dealings in Ranks (Ireland) have ben suspended since January. The company said yesterday that the decision to petition for liquidation comes because the company has "a substantial negative worth, and an unsustainable interest burden from which it was not able to recover."

In the year to December 4 1982, Ranks (Ireland) lost an attributable I£3.3m (£2.6m), compared with losses in 1981 of I£2.6m.

LKB share placing

LKB Produkter AB, a Swedish high technology biochemistry concern, yesterday raised SKr 190m (£16.3m) through a secondary placing in London of 400,000 B Free shares.

Enskilda Securities purchased the shares, equal to 10 per cent of LKB's share capital, and acted as principal and placed them with UK and some New York based institutions. Cazenove were brokers to the issue.

LKB forecasts a profit of not less than SKr 60m (£5.2m) for the 1983 year.

Atlis Systems

Atlis Systems Inc, which provides computerised litigation support for the legal profession, is shortly to make its debut on the London Over-the-Counter market.

The company is the subject of a management buy-out from United Nuclear Resources, which is listed on the New York Stock Exchange. Afcor Investments, a licensed dealer in securities, is placing with institutions and private clients 900,000 shares at 109p a share in Atlis.

After the placing (which represents 30 oer cent of the company), UNC will retain 30 per cent of the equity, with the remaining 40 per cent held by the management. Atlis plans to get an eventual listing on the New York Over-the-Counter market.

Bunzl in three deal expansion

Bunzl is building up its paper distribution division further by three acquisitions involving a total investment of £4.85m.

It is purchasing 80 per cent of the share capital of Rothera and Brereton, of Leeds, all of the assets, the tradename and business of National Paper Distributors and Neil Morris, of Melbourne and the whole share capital of Meadowbrook Paper, of Long Island, New York.

In their latest financial year, these businesses had combined sales of £12.97m and adjusted pre-tax profits of £1.33m. The value of net tangible assets being acquired is £2.7m.

Consideration is being partly satisfied by the allotment of 1,144,423 ordinary shares, most of which have been placed with institutional and other investors by Hoare Govett. The balance is being retained by the directors of Rothera and Brereton.

The £692,000 balance of the consideration, of which £314,000 is deferred and partly conditional on future results, is being met out of cash resources.

Bunzl is acquiring 26 per cent of Rothera's share capital from Abingworth and a further 54 per cent from the directors of the company, who will retain 20 per cent of the share capital and will continue to run the company under long term service contracts.

The acquisition of Rothera and Brereton adds significantly to Bunzl's strength in fine paper distribution in the UK and complements the acquisition of 80 per cent of Donald Murray (Paper) in August last year, which has been a great success.

The Australian purchase adds to the existing distribution activity through United Suppliers in Sydney, giving the company coverage of half of the Australian population through two major locations.

BIDS AND DEALS IN BRIEF

Novametrix Medical Systems has acquired the right to purchase approximately 98 per cent of the outstanding shares of Physiological Instrumentation.

Physiological Instrumentation is based in Wales, with medical instrumentation and sensor-based medical devices.

Novametrix has already announced agreements with founders of Physiological to buy 63 per cent of the company's stock and offers to purchase the remaining shares

* * *

Robinson & Cleaver, a subsidiary of Sears Holdings, has reached agreement for the sale of its Robinson Cleaver store at Donegall Place, in Belfast, to an Ulster-based investmant consortium for £1.5m.

The store which makes small profits will cease to trade in March 1984, and Robinson will pay the 175 employees, who remain in service until closure, compensation in excess of state entitlements.

The consortium is planning extensive refurbishment and subdivision of the store at a cost in excess of £2m.

* * *

Lodgehurst, wholly-owned subsidiary of Country and New Town Properties, is interested in 2m ordinary shares of Whittington International, or 5.82 per cent.

T. S. Faum, director, has acquired 270,000 shares at 15p and now holds 340,000 (1 per cent).

* * *

Miss J. Wright now holds 772,901 (23.56 per cent) of the ordinary shares in the Wace Group. This follows a purchase of 232,493 (7.09 per cent) shares from Mr B. J. Harvey which were registered as to Miss Wright 223,493 and 3,000 apiece for Mr Michael Clark, Mr John Michael Clegg and Mr Michael Berry.

* * *

Merchant banking services group, United Trust & Credit has increased its capital base by 90 per cent to more than £1.2m with the acquisition of Marbleforce—a private investment company.

The cost of acquisition of Marbleforce, with assets consisting of gilt edge securities and cash, was £612,500 and has been met by the issue of 350,000 new £1 shares in UTC at 175p each which have been placed with investment clients of stock brokers, Montagu, Loebl Stanley and Co.

* * *

Securiguard Group, specialist security services and commercial cleaning services company quoted on the Unlisted Securities Market, has acquired Property Guards from Lamport and Holt Line.

Property Guards is one of the largest "manned guarding" security companies in the UK with more than 300 employees. It provides a static guard and mobile patrol service similar to those of Securiguard Services.

Consideration comprises an initial cash payment of £516,000 with a further £725,000 payable after one year. In the year ended December 31 1982 Property Guards made a pre-tax loss of £16,000 on turnover of £3.6m and at the same date net tangible assets stood at £215,000. For the first six months of the current financial year indications are that Property Guards is trading at about break-even.

* * *

British Institutions have acquired 35 per cent of ASSYST, the UK arm of ASSYST-RAET Group, the international software and computer services group, whose headquarters are in the Netherlands.

Commercial Union Assurance Company and Baker Street Investment Company (BASIC)—owned by a group of major pension funds and other investment institutions—have agreed jointly to subscribe £420,000, each providing £210,000 for a 17.5 per cent holding.

* * *

Estates and Agency Holdings has increased its stake in Western Motor Holdings to 85,000 ordinary shares (some 9.4 per cent) with the purchase of 50,000 shares from the Reverend M.D. Mumford.

The Reverend Mumford now owns beneficially 38,050 ordinary shares in Western Motor (about 4 per cent).

* * *

Moorside Investment Trust, for which Guinness Peat is bidding, was valued yesterday at 101.39p a share. Under the terms of the takeover offer, this means Guinness Peat will have to issue about 44.4m new shares to finance the deal.

The underwriting price of the shares is 40p, valuing the deal at about £17.75m. The bid was hotly contested by many Guinness Peat shareholders who felt this price was too low. The shares were trading yesterday at 53p, which puts the market value of the newly issued Guinness Peat shares at £23.5m.

* * *

Moss Bros—Prudential Corp has acquired a further 25,000 ordinary shares making a holding of 249,000 ordinary (9.87 per cent).

Ratcliffs (Gt Bridge)—Industrial equity (Pacific), has purchased a further 10,000 ordinary bringing its holding to 250,000 shares (5.34 per cent).

BASE LENDING RATES

A.B.N. Bank	9 %	Heritable & Gen. Trust	9 %
Allied Irish Bank	9 %	■ Hill Samuel §	9 %
Amro Bank	9 %	C. Hoare & Co. †	9 %
Henry Ansbacher	9 %	Hongkong & Shanghai	9 %
Arbuthnot Latham	9 %	Kingsnorth Trust Ltd.	10 %
Armco Trust Ltd.	9 %	Knowsley & Co. Ltd.	9½%
Associates Cap. Corp.	9½%	Lloyds Bank	9 %
Banco de Bilbao	9 %	Mallinhall Limited	9 %
Bank Hapoalim BM	9 %	Edward Manson & Co.	10 %
BCCI	9 %	Meghraj and Sons Ltd.	9 %
Bank of Ireland	9 %	Midland Bank	9 %
Bank Leumi (UK) plc	9 %	■ Morgan Grenfell	9 %
Bank of Cyprus	9 %	National Bk. of Kuwait	9 %
Bank of Scotland Ω	9 %	National Girobank	9 %
Banque Belge Ltd.	9 %	National Westminster	9 %
Banque du Rhone	10 %	Norwich Gen. Tst.	9 %
Barclays Bank	9 %	R. Raphael & Sons	9 %
Beneficial Trust Ltd.	10 %	P. S. Refson & Co.	9 %
Bremar Holdings Ltd.	9 %	Roxburghe Guarantee	9½%
Brit. Bank of Mid. East	9 %	Royal Trust Co. Canada	9 %
■ Brown Shipley	9 %	Standard Chartered ‖	9 %
CL Bank Nederland	9 %	Trade Dev. Bank	9 %
Canada Perm't Trust	10 %	TCB	9 %
Castle Court Trust Ltd.	9½%	Trustee Savings Bank	9 %
Cayzer Ltd.	9 %	United Bank of Kuwait	9 %
Cedar Holdings	9 %	United Mizrahi Bank	9 %
■ Charterhouse Japhet	9 %	Volkskas Intnl. Ltd.	9 %
Choulartons	10½%	Westpac Banking Corp.	9 %
Citibank Savings ¶	10½%	Whiteaway Laidlaw	9½%
Clydesdale Bank	9 %	Williams & Glyn's	9 %
C. E. Coates	9½%	Wintrust Secs. Ltd.	9 %
Comm. Bk. of N. East	9 %	Yorkshire Bank	9 %
Consolidated Credits	9 %		
Co-operative Bank *	9 %		
The Cyprus Popular Bk.	9 %		
Dunbar & Co. Ltd.	9 %		
Duncan Lawrie	9 %		
E. T. Trust	9½%		
Exeter Trust Ltd.	10 %		
First Nat. Fin. Corp.	11 %		
First Nat. Secs. Ltd.	10½%		
Robert Fraser	10 %		
Grindlays Bank ‡	9 %		
■ Guinness Mahon	9 %		
■ Hambros Bank	9 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 5.5%. 1-month 5.75%. Short-term £8,000/12 months 8.1%.
† 7-day deposits on sums of: under £10,000 5½%, £10,000 up to £50,000 6½%, £50,000 and over 7½%.
‡ Call deposits £1,000 and over 5½%.
‖ 21-day deposits over £1,000 6½%.
§ Demand deposits 5½%.
¶ Mortgage base rate.
Ω Money Market Cheque Account—8.75%. Effective annual rate—9.11%.

Parkland hopes to maintain upturn

SUSTAINING ITS recovery, Perkland Textile (Holdings) recorded a near three-and-a-half fold increase in interim taxable profits to £807,000 against £240,000. This exceeds last year's total by £77,000 and is an improvement of 65 per cent on the £490,000 earned in the preceding six month period.

Sir Richard Denby, chairman, says "we regard the first half results as satisfactory and we would bope to maintain this improvement

Problems experienced in worsted spinning have now been largety overcome, the directors state, aod all parts of the group—incorporating manufacture of woollen yarns and fabrics, and ladies' and men's wear—are operatiug efficiently.

An improvement in margins at the trading level saw profits, in the opening half, move ahead from £1m to £1.53m on turnover £2m bigher at £20.4m. Depreciation was up at £501,000, compared with £441,000, but interest payable was again reduced, falling by £103,000 to £224,000.

The company bas ctose status and is maintaioing the tnterim distribution at 1.6p net. Last year's final was unchanged at 2.1n.

Earnings for the first balf rose to 10.6p, against 2.4p, with the tax charge a same-again £59,000. On a fulty-dituted basis earnings were 10p (2.3p).

C.E. Heath tops £9m after major advance in Australian profits

PROFITS BEFORE tax of C. E. Heath advanced by £1.28m to £9.3m over the six months eoded September 30, 1983 and the group, wlth interests in iaternational iosurance broking, reinsurance broking and underwriting, is lifting its interim djvidend by 0.25p to 5.25p net per 20p sbare.

The group's Insurance broking operations produced a wortdwida income of £14.21m, an increase of 15 per cent over last time's £12.34m, despite very difficult trading conditions in North America.

After adding investment lncome and interest of £1.78m (£2.27m), associates of £267,000 (£250,000) and deducting expenses of £11.39m (£9.69m) profits from broking amounted to £4.87m, against £5.17m.

From its underwriting activities the group produced profits of £3.86m, compared with £2.47m, with Australia a major contributor with profits up from £1.49m to £2.53m largely as a result of the increased workers' compensation rates.

Traditiooally, the group excludes from its interim report any contribution from its Lloyd's underwriting operations. The directors say that until the 1981 year of accounts is closed at December 31 this year it is not possible to eccurately forecast the eventuat outcome. However, they point out that at the preseot time indications are that there will be a contribution, although this is unlikely to match that of last year.

Tax for the balf year took £3.93m (£3.44m) and below the line minorities accounted for £22,000 (£19,000).

Net profits emerged £796,000 ahead et £5.35m, equal to earnings of 17.2p (14.7p) per share.

Group cbairman, Mr F. R. D. Holland, wilt retire next March. Mr Derek Newlon, at present e deputy cbairman, will succeed him.

A & M Hire set to exceed £0.7m

In the six months to July 31 1983, A. & M. Hire made pre-tax profits of £360,000, against £455,000 for the whole of the previous year. The company specialises in hiring out antique furniture to film makers, theatres and TV studies.

When A & M came to the Unlisted Securities Market in September 1983, the directors forecast pre-tax profits of not tess than £700,000 for the current year. They are satisfied that this figure will now be "comfortably achteved."

Rexmore recovers to £285,000 halfway

FOR THE six mooths to October 1 1983 pre-tax profits at Rexmore recovered from £190,000 to £285,000. Toe directors say that early returns for the third quarter indicate continued progress for the year as a whole.

The net interim dividend has been lifted from 0.525p to 0.6p. In the last full year a total of 1.3p was paid. Earnings per 25p share for the six months moved up from 0.75p to 2.11p.

Turnover of this group, which supplies fabrics, slipped from £13.56m to £12.85m. Turnover of British Trimmings, whicb was sold to Berisfords on April 29 is inctnded for the month of April 1983, the comparative figure being for the six months to October 1 1983.

The directors consider thet the results confirm the chairman's statement in a circular dsted April 13 that the combined effect of profits attributabte to Rexmore's holding in the enlarged Berisfords Group and the savings of interest would more than compensate for not retaining complete ownership of British Trimmings.

Retained subsidiaries bave acbieved a useful increase in turnover of 17 per cent—all bave participated in this improvement say the directors.

Associate profits rose from £30,000 to £75,000 and there was associate companies interest of £220,000 (£353,000).

Lower than expected gold price cuts Echo Bay earnings

BY KENNETH MARSTON, MINING EDITOR

ONE OF Canada's major gold producers, Echo Bay Mines has bad to reduce its 1983 earnings estimete sharply from the original forecast of C$14.5m (£8m) after preferred dividends.

After having earned C$1.6m in the first nine months of the year, the 1983 total is oow estimated at only C$2.1m. However, the company expects to continue to pay balf-year dividends of 5 cents on the increased number of common shares following the recent six-for-five split.

Echo Bay sells the bulk of its gotd on a forward, or bedging, basis. The average price likely to be realised this year for total sales looks like coming out at around U.S.$420 per ounce, rather less than was originally anticipated.

The original earnings estimate also included an extraordinary profit of C$1.5m on the sale of the Hercules aircraft which has not taken place. This item is thus removed in the latest earnings projection. Other adverse factors include reduced gold output, increased costs and higher interest payments.

The earnings forecast for 1984 has also been revised. While gold production is expected to rise to 142,174 oz a drop is envisaged in interest income.

Net earnings for next year after preferred dividends are now forecast at C$19.7m compared with C$21.9m originally. This is based on e price of U.S.$500 for "normal," as opposed to hedging, sales of gold.

On the basis of a price of U.S.$400 for unhedged gold sales the earnings projection falls to C$6.3m. Echo Bay estimates that its production cost per ounce of gold, excluding depreciation and amortisation, will be equal to U.S.$228 per oz this year compared with the original estimate of U.S.$204, but should fall to U.S.$201 in 1984.

W. Mining to seek nickel on Hampton Areas' land

A FURTHER farm-in deal is announced by the London-based natural resource group Hampton Gold Mining Areas. It is in line with the group's policy of inviting other companies to carry out exploration operations on its ground in Western Australia in return for a percentage share of the prospect concerned.

The latest joint venture concerns a search for nickel on Hampton Areas' location 51 with Western Mining. The latter is committed to a minimum exploration spending of A$75,000 (£46,800) in the first 12 months and a total of A$500,000 within three years in order to retain a 75 per cent interest in the venture.

Hampton Areas' 25 per cent interest is carried free until the latter stage after which it may elect to contribute its 25 per cent of further spending or allow its interest to falt to 15 per cent.

Other joint ventures of Hampton Areas include the recently announced gold exploration deal over location 53 with EZ Industries and Australia Pacific Resources plus two other gold ventures with America's Newmont Mining over locations 48 and 50.

Inca gets high gold drill values at Rich Gulch

HIGH GRADE gold values are announced by Canada's Inca Resources from latest drilling of five boles et its shallow Rich Gulch property in Plumas County, California.

The best result came from hote 196 whicb intersected a 37.5 feet width (thickness) of mineralisation assaying 0.332 ounces (10.3 grammes) gold per ton.

Other good values included bole 186 which cut 23 ft of 0.509 oz material; 28.5 feet grading 0.281 oz in bole 193; and 41 ft of 0.131 oz in the discovery hole 181. The high grade extension is open along strike (lateral direction) and at depth.

Inca envisages a gold production of over 100,000 oz a year from the property. The expected mining operation will involve 3,000 tons of ore per day from open-pits being processed through a conveotional flotation mill.

* * *

Canada's Falconbridge Copper is going ahead with the sinking of an exploration shaft to a depth of 510 metres at its Winston Lake zinc-copper-gold-silver prospect north of Schreiber in northwestern Ontario, at a cost of C$7.6m (£4.2m).

Surface work is to start this year, with shaft sinking scheduled to begin next spring.

Winston Lake is estimated to contain 2.95m tons of core with average grades of 17.8 per cent zinc and 0.94 per cent copper, with 0.7 ounces of silver and 0.025 oz (0.8 grammes) of gold per ton, after allowing for a 20 per cent dilution on recovery.

* * *

Australia's Peko-Wallsend mining and industrial group has sold its 60 per cent interest in the Indonesian lead company P.T. Jaya Lead Products. Details of the terms were not disclosed.

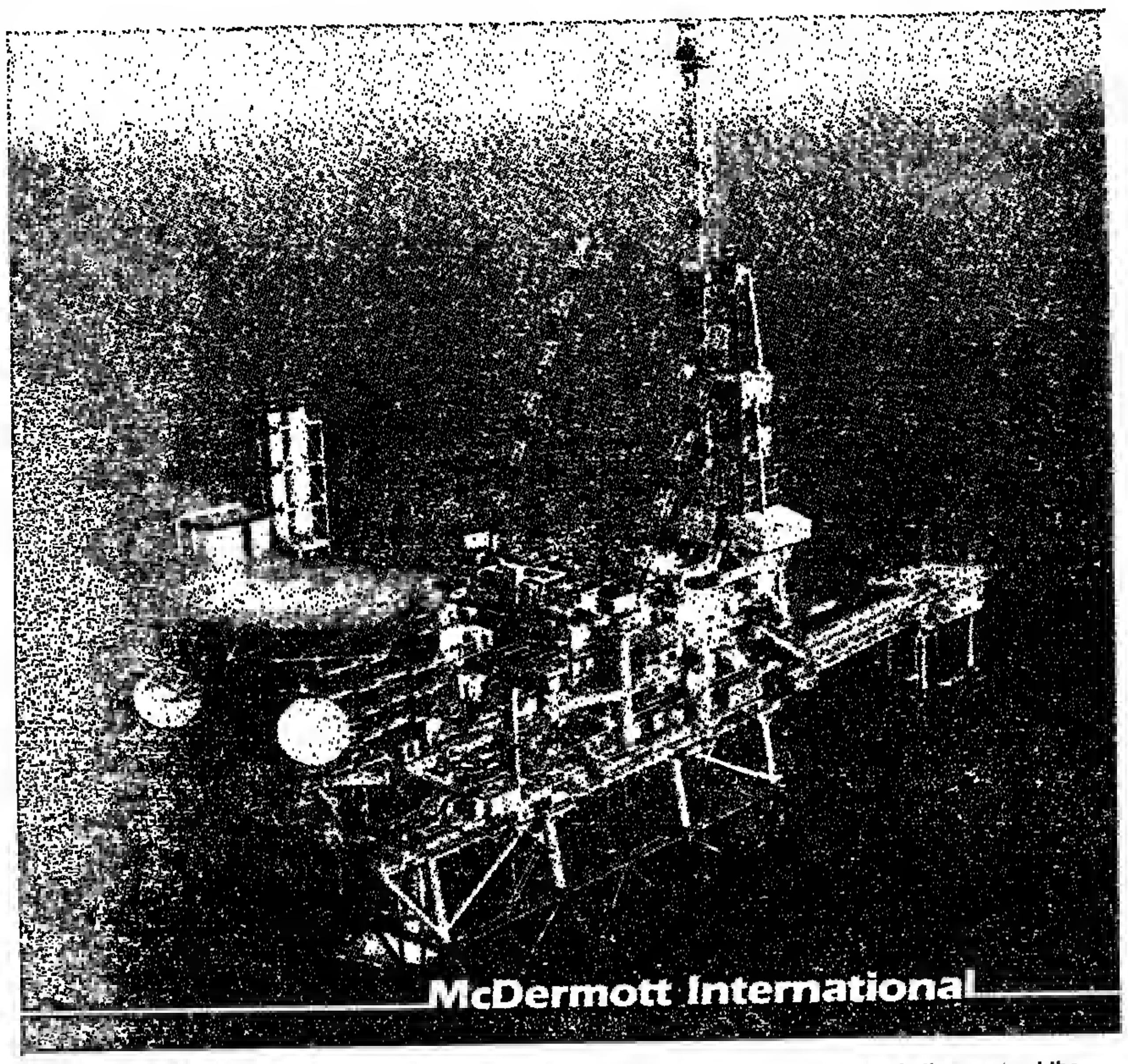
Zygal Dynamics

FIRST HALF pre-tax profits of Zygal Dynamics have recovered from £34,000 to £161,000 for the six months to the end of September 1983. The directors are confident that the performance for the full year will be a significant improvement over the £164,000 achieved in the last full year.

Profits for the year to the end of March 1983, showed e £156,000 downturn on the previous year.

The directors base their prediction for the current second half on an expected improvement in profit from modular technology and the business systems group over the rest of the year. They also point out that the normal business pattern means the bulk of printer and terminal profits are earned in the second half.

The directors say that diversification into new business areas, namely communications and personal business communications, is beginning to bear fruit.



FINANCIAL TIMES SURVEY

Wednesday November 23, 1983

Andalucia

The largest of Spain's autonomous communities, Andalucia has a lively interest in its regional identity. Modernisation of farming to compete in the EEC is in prospect, but proposals for associated land reform are an area of deep conflict

Package holidays and too few jobs

SURVEY BY DAVID WHITE AND TOM BURNS

EUROPE'S FLORIDA or Spain's Third World? Andalucia, the only European region with both Atlantic and Mediterranean shores, the largest of the autonomous communities into which today's Spain is divided, is a bit of both.

By its size (that of Scotland, with some to spare) and population (6.5m) it comprises 17 per cent of Spain, but last year accounted for less than 13 per cent of national income—a gap that is more visible looked at close-to, since in the south the poor are poorer, and the rich richer, than the national average.

Andalucia is the Costa del Sol, the Torremolinos of the packaged hordes, the Marbella of the sheikhs, Bismarks, Hapsburgs, Rothschilds, spurious aristocrats, social voyeurs and people undergoing treatment for obesity. It is also somewhere where almost one adult in four, and among the under 25s who have left school almost one in two, according to unions, is out of work; where 15 per cent of the over-14s are illiterate, twice the Spanish average; and from where touring foreign motorists bring regular tales of daylight robbery.

It is a region where modern hothouse farming has boomed; and where anarchist traditions live on among landless peasants.

The most Arab part of Europe, profoundly marked by eight centuries of Moorish occupation, Andalucia came under the Catholic kings, with the riches pouring in from the discoveries of the New World. Since that period of wealth, it has been dogged by missed opportunities.

It gained autonomy two years ago, the fourth Spanish region to do so, and is almost exclusively a socialist fief. Seville, its capital, was the cradle of the "renewed" current of Spanish socialism which in the last period of the Franco dictatorship took over from the exiled "historical" leaders. Both Sr Felipe Gonzalez, Prime Minister since his landslide election victory a year ago, and his number two and master-tactician, Sr Alfonso Guerra, are Sevillians.

Literature

Autonomy and the new Andalucian presence in Madrid have coincided with a live interest in regional identity. Supported by a proliferation of literature on the subject, much play is made of the Moorish heritage, the refined and tolerant civilisation that flourished here before what has come to be known not as the "reconquest" but the "Castilian conquest."

But Andalucia, divided throughout the long wars between Christian and Muslim, is still not yet a whole. As an administrative unit it is e relatively modern invention, its name a revival of the one the Arabs gave to their Spannish territory: Al-andalus. It is not a "nation" in the same sense that the Basque country or Catalonia can be held to be. Internal rivalry is strong, with Seville, Cordoba and Granada—different like the imperial cities of Morocco which are their cousins—asserting contradictory claims as centres of influence.

The nationalist movements which grew np in the two northern regions in the last century were founded on the presence of a powerful bourgeoisie. Andalucia never had this, nor a large degree of local control of its economy. The word one hears frequently used is "colonisation" both from the rest of Spain, starting from the reconquest, and from abroad.

The sherry trade is largely run, if not by foreigners, by Spanish families of foreign origin. The architecture of Huelva betrays the British mining presence of the 19th century, when the railway timetables for the Rio Tinto line carried footnotes: "Not on Queen Victoria's birthday."

Even today, much of the initiative comes from outsiders—Catalans, Germans or Scandinavians in the tourist developments, people from Valencia in the new force-farming ventures.

Most big companies have their base outside Andalucia. The entrepreneur has never achieved the same status in the south as in Bilbao and the region has produced hardly any major ones—with the one notorious exception of Sr Jose Maria Ruiz-Mateos, the small sherry merchant's son who built up an immense empire—worth more on paper than in fact—and who has ended up being expropriated by the government and sought by the courts.

The lack of business spirit is blamed for having prevented industrialisation in the eastern part of the region in the 19th century and the economic difficulties that have hit Spain since the 1974 oil crisis have not helped to foster it today. Private capital has tended to go into land, cource of status and security. Olives, wine and tourism provide an easy bonus.

Initiatives

Governments have always wanted to bring industry to Andalucia. Early state initiatives included Seville's shipyards, still functioning, and the Royal Tobacco Factory, now used as a university.

Under Franco, industrial programmes for the west of Andalucia focused on Seville, on Cadiz, where Spain's biggest shipyard was completed in 1973, just before the crisis, on petro-chemicals in Huelva, and on the Campo de Gibraltar, the proletarian Spanish side of Britain's Rock colony.

With few jobs in petrochemicals and with the shipyards under the shadow of nationwide restructuring, Andalucia's economic planners consider that the only really important industrial sector they can count is food-processing. Olive oil, wine and tobacco belong to the region's traditions, and the sector is regarded as offering immense possibilities.

Modernisation of the farm sector with a view to becoming a power in the EEC food industry is the keynote of the autonomous government's agrarian reform proposals. But the agrarian issue is the one that sparks most emotions and conflicts in Andalucia, so long has it been fought over.

The proposed laws, which will allow the authorities rather wider use of expropriation in order to promote more intensive kinds of farming, have stirred up both the traditional camps — the landowning class and the Left-wing advocates of more classic and drastic land reform.

Rural Andalucia is a land of emigration par excellence, bnt the once-dwindling ranks of day-labourers have been swollen in recent years by a reversal of the flow, back to the villages. Discontent has not been assuaged by the unpopular system of community work, which was introduced under the Franco regime to absorb the rural unemployed. It is due to be replaced next year by an alternative benefit system and a new employment fund.

The other traditional sector, fishing, for which Andalucia is the second most important region in Spain after the north-west, faces serious problems as a result of Morocco's cutback on Spanish fishing rights and Portugal's pressure to do the same.

On the other hand, with its relatively small industrial base, Andalucia is one of the regions of Spain least affected by impending large-scale redundancies. Jobs stemming from tourism—which after utterly deforming a large stretch of Andalucia's 500-mile coastline is close to saturation—are unlikely to vary much one way or the other.

Under the arrangements between the central Madrid Government and the autonomous communities, Andalucia will receive the largest proportion—more than a quarter—of the share of Government investment destined for the regions. But this share, distributed according to criteria of population and wealth, is only 40 per cent of the total. It will depend on how mnch of the remainder, and wbat proportion of investment by public sector companies, Andalucia receives, whether there will be any real redistribntion in favour of the south.

Trading

The sunbelt climate, the prospect of EEC entry and the region's advantageous position for trading with Africa, are offered as enticements for foreign investment. But apart from coastal property, this has tended to give preference to other regions — the prime example being when General Motors opted for Saragossa for its main Spanish car plant despite attempts to bring it to Andalucia.

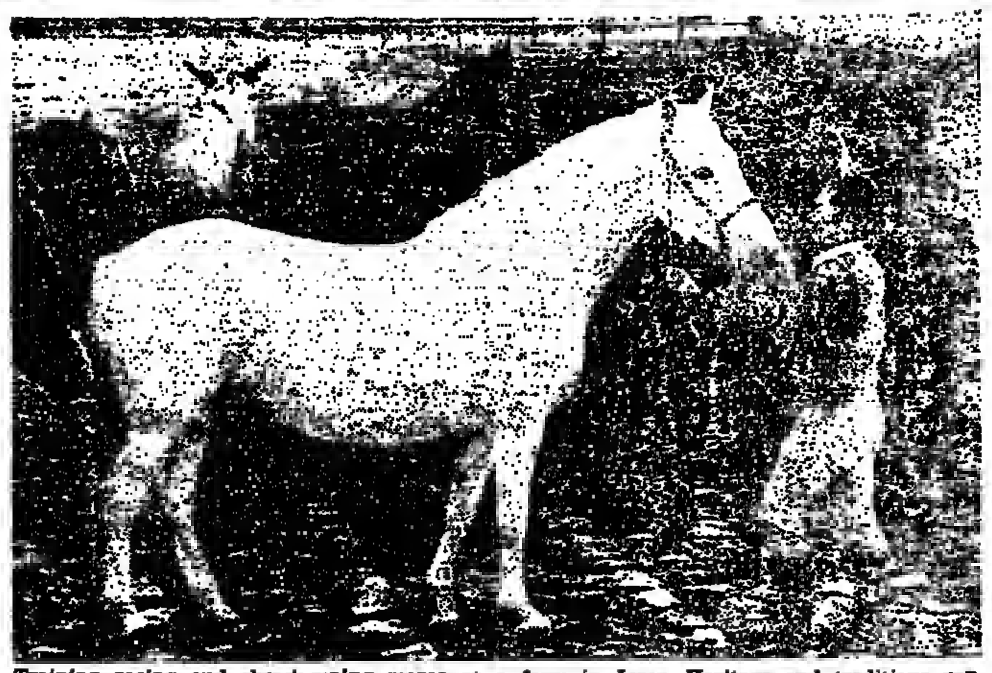
The regional authorities, still battling for more rapid transfer of powers from Madrid, are setting out to organise their own sources of funds—inclodîng internationally—and their own investment plan. A new promotion and reconversion body has been set up to participate in creating new companies and back them with credits and guarantees, and the Seville government aims to take over the running of the regional develoqment arm of Instituto Nacional de Industria, the state holding group.

Andalucia's fate has been to have to depend on the rest of Spain at the same time as being cut off from it. The geographical factors which bave helped protect its character and culture have also been a major handicap. The Sierra Morena, sealing off western Andalncia to the north, is a historical barrier.

Road connections with the rest of Spain, and therefore with Continental Europe, are still poor. Within the region rough terrain and uneven development have compounded to keep ooe eod remote from the other—although things are not quite as bad as they were in the 1930s, wheo the quickest land route from Huelva to Almeria was by way of Madrid.

The region's principal communications axis to Madrid is the forbidding passage evocatively known as Despeñaperros—Throw-dogs-over Pass. Nothing symbolises better the divide between the main part of the country and the region which, with its Flamenco tradition, is the foreigner's embodiment of Spain.

DAVID WHITE



Training racing and showjumping mares at a farm in Jerez. Heritage and traditions run deep in Andalucia and are much stronger than modern business spirit

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Economic problems a shadow over promotion efforts

Industry

TOM BURNS

THE PROMOTION of industry in Andalucia is a daunting task. Economists both in the Junta and in the employers' association, the Confederacion de Empresarios de Andalucia (CEA), talk in terms of a Third World, dependent economy and speak of the need for import substitution.

This sombre overview of the region's economic problems is highlighted by the situation of the labour market. With 22.5 per cent of its active population jobless, Andalucia's unemployment figure is five points higher than the national statistic. In medium-sized urban centres such as Antequera or Alcala de Guadaira, with populations of 50,000, close on 50 per cent are jobless.

The actual labour population in Andalucia is 43 per cent which is five points lower than the national figure. The overwhelming labour activity is in the services sector, concentrated in small businesses, which accounts for close on 60 per cent of the labour force — every Andalucian town is teeming with boot blacks and lottery ticket sellers.

Indicator

The classic Third World indicator is the north-south migration statistic. Between 1951 and 1980 1.6m left the region — half of them in the 1950s.

Industry is a rare commodity in Andalucia. Franco's five-year plans in the 1950s and 1960s promoted two specific industrial development zones or "Polos de desarrollo" in Huelva and in the Campo de Gibraltar, between Algeciras and the Rock. The Huelva Zone concentrated heavily on petro-chemicals while the Campo area, although more diversified, is primarily dependent on a refinery.

Twenty years later hopes for the two "polos" have dimmed.

"They have failed to act as a pull for the surrounding area, they are isolated outposts," said Sr Julio Rodriguez, chief executive of the Junta's Economy and Planning Department. Other promotional ventures have fared worse, such a shipyards in Cadiz or an ill-fated attempt to develop a textile industry in Malaga which centred on the currently bankrupt Intelhorce plant.

The Junta is due, before the end of the year, to announce a three-year economic plan which Sr Rodriguez *claimed* will "belligerently tackle" the issues of industrialisation and the creation of an adequate industrial infrastructure. Already the Junta has created its own financing agency, with a Pta 3bn ($19.4m) annual budget, for industrial promotion and reconversion in Andalucia.

The agency, Soprea, will compete initially with a similar regional development agency, Sodian, that is administered from Madrid and largely funded by the state holding institute, INI. By 1986 the two agencies are expected to merge with the Junta holding a majority shareholding.

In the meantime, a major concern of the Junta is that Andalucia will miss the investment opportunities under the Madrid administration's major industrial restructuring strategy. Total INI investment in Andalucia is under 10 per cent and the main reception areas for reconversion funds are the steel, shipbuilding and textile sectors, all located, with the exception of the Cadiz yards, well away from the south.

"Since we don't have any industry to speak of, we are hardly going to be touched by the re-industrialisation investment," Santiago Herrera, executive director of the CEA summed up.

Both the regional employers association and the Junta's Economic Department claim they are battling against social inertia over industrialisation as well as facing considerable structural barriers. The prize acquisition in Andalucia is land. "Anyone who has a bit of money to spare immediately wants to buy his finca," said Sr Rodriguez, "because that is what carries social distinction."

Entrepreneurs are treated almost with an 18th century *air of disdain. In addition*, the employers are mistrustful of the Junta and cite the agrarian reform law as a positive inducement to look for investment opportunities outside Andalucia.

The infrastructure, in turn, is still woefully deficient. It can take four hours by road to cover the 220 km from Seville to Granada and a further two hours to reach Almeria. The Junta has set aside Pta 5bn for improving communications in what is the regional government's third-largest investment item out of the budget, to be received next year from the inter-regional compensation fund.

Andalucia will receive Pta 57.7bn from the fund's Pta 208bn budget for 1984, a substantial slice of the cake representing 27.6 per cent of the total.

Fund

Unfortunately, the fund's legislation bars direct industrial investment—a curious quirk in what is ostensibly a redistributive fund designed to correct regional imbalances and one which Sr Rodriguez, among others, would like to see changed. The major investment from the fund's allocation will be Pta 15.8bn promotion of low-cost housing while a further Pta 10bn has been set aside for agrarian reform.

The infrastructure issue needles Andalucia's employers' association. CEA's president, Sr Manuel Martin Almendros, recalls how General Motors drew up a detailed feasibility study on Andalucia when it began prospecting the location of its Spanish plant. "It was a well researched catalogue of deficiencies," said Sr Martin Almendros. "It documented the state of our roads and access points, the level of technical schooling, everything, and they were absolutely right."

GM finally established its gigantic assembly line near Zaragoza, production started there last year, and a small component plant was opened in Cadiz to pacify local feelings and to deflect considerable government pressure.

The employers fear that under the three-year plan there will be an overt "ideological commitment," as one businessman put it, "to health and education" and that the "belligerence" to rationally *promote industry, as Sr Rodriguez* promises, will take a back seat.

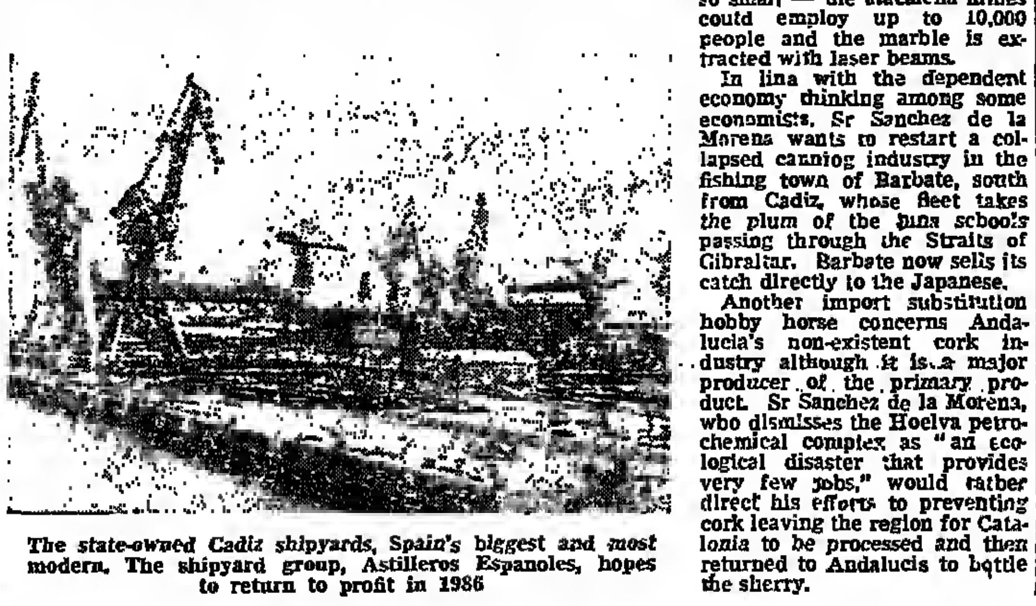
There are indeed signs that Andalucian business circles and at least some officials at the Junta may be talking at cross purposes. Thus Sr Ricardo Sanchez de la Morena, director-general of the Junta's industrial promotion think tank, IPIA, advocates a virtual arts and crafts, cottage industry solution for the region. IPIA is sponsoring, for example, a leather goods sector in the small town of Ubrique and a marble mining and design centre in the even smaller town of Macael.

Both are isolated spots, the former off the beaten track in the Sierra of Ronda and Macael hidden away in the Sierra de los Filabres, inland from Almeria. The Ubrique project to make wallets and cigarette cases is costed at Pta 120m, half of which will be public money chiefly provided by Sodian, Soprea and the local town council. Sr Sanchez de la Morena claims it will employ up to 4,000 people, working from their homes, out of Ubrique's 17,000 population.

The director general of IPIA argues engagingly that if Andalucia is the Third World then it is best to wake up to the fact and think positively in terms of "small is beautiful" if only because it need not necessarily be so small — the Macalena mines could employ up to 10,000 people and the marble is extracted with laser beams.

In line with the dependent economy thinking among some economists, Sr Sanchez de la Morena wants to restart a collapsed canning industry in the fishing town of Barbate, south from Cadiz, whose fleet takes *the plum of the tuna schools* passing through *the* Straits of Gibraltar. Barbate now sells its catch directly to the Japanese.

Another import substitution hobby horse concerns Andalucia's non-existent cork industry although it is a major producer of the primary product. Sr Sanchez de la Morena, who dismisses the Huelva petrochemical complex as "an ecological disaster that provides very few jobs," would rather direct his efforts to preventing cork leaving the region for Cata*lonia to be processed and then* returned to Andalucia to bottle the sherry.



The state-owned Cadiz shipyards, Spain's biggest *and most* modern. The shipyard group, Astilleros Espanoles, hopes to return to profit in 1986

PROFILE:
JULIO ANGUITA

Personal victory in Cordoba

THE NICKNAME "Red Caliph of Cordoba" has stuck—much to the distaste of its owner, Julio Anguita, communist mayor of the caliph's old capital.

In local elections in May he was swept back into office, this time with a working majority, a success that surprised even the party leaders who had come down to support him. With the main towns in all the other seven provinces of Andalucia conquered by socialists, Cordoba was left as a red island in a pink sea.

For the Communist Party, which has no other municipal base as important as this one on which to build is recovery, Cordoba has become a flagship town, a Spanish Bologna.

But Sr Anguita's victory was more a personal than a party one. The engaging former schoolteacher, who professes to dislike Madrid and to hate elections "too many lies," drew votes not only from the worker outskirts but also from the old city centre. Even extreme rightists are said to have backed him—ironic for an army *sergeant's son who narrowly* missed going to the Saragossa Military Academy.

Sr Anguita, 42, describes himself as his own kind of Leninist, an admirer of the spirit of Lenin more than the letter. Remarks such as "there are some things in Karl Marx that are valid and others that are no good" are unlikely to win him standing ovations in Moscow.

A collection of texts and speeches—inevitably, a little red book—is a local bestseller. It includes a famous confrontation with the Roman Catholic establishment over the restoration of Cordoba's disused Santa Clara Church to its original identity as the Abou Outman Mosque.

Never has the bishop been addressed before in an official letter as "citizen."

DAVID WHITE

PROFILE: RAFAEL ESCUREDO

Pragmatic socialist

AN IDENTIKIT prototype for the "Sevillian school" of Spanish socialist politicians would be good-looking, charming, pragmatic, hard-working, 40-ish and preferably an expert in labour law. The picture fits not only Sr Felipe Gonzalez, the Prime Minister, but also Sr Rafael Escuredo, president of the Andalucian Junta, the region's autonomous government.

Sr Escuredo, 39, has established a virtually unassailable position from being so closely identified with the battle for autonomy, even though this often brought him into conflict with the *party apparatus*. He describes himself as "a radical Social-Democrat and convinced *Andalucista*.

A lecturer at Seville University, he was part of the first multi-party Andalucia government set up in 1978 and became its second president.

Insisting that Andalucia should not keep being left behind, he pushed for the "quick route" to autonomy, which had been granted under the constitution to the "historical" territories of Catalonia, *the* Basque country and Galacia.

The crucial point came in early 1980 when, without waiting for the party's go-ahead, the junta president staged a three-day hunger strike in protest against the way the Madrid Government was handling the referendum on Andalucian autonomy—including a ballot paper which was reckoned to be perfectly unintelligible.

The referendum, despite a recount in Jean, left one other province — Almeria — without the required outright majority of "yes" votes. It was thought that failure would ruin Sr Escuredo, but it turned into a moral victory. After long negotoiations, a pact with the *power at the time*, and a fresh referendum in October 1981, the socialists triumphed spectacularly in elections to the new Andalucian assembly the following spring.

Majority

Heralding the general election result of October 1982, it was the first time an absolute majority had been won in democratic Spain. The rival Andalucian party, the PSA, which threatened to become a major force in the late 1970s but which, unlike the Basque or Catalan Nationalist parties chose to fight along class lines, was eclipsed.

Sr Escuredo's relations with the Socialist Party and with its regional boss in Andalucia, Sr Jose "Pepote" Rodriguez de La Borbolla, who is number two in the junta, are now said to have improved greatly.

As the latter admitted before last year's ballot: Rafael Escuredo is the person who has known how to connect with our people."

DAVID WHITE

Poor harvest brings relief to growers

Sherry

DAVID WHITE

IN THE white-earthed western part of Cadiz province, where Spain's best-known product, sherry, is grown and made, a poor harvest this year was probably the best thing that could have happened, given the circumstances.

The effect of repeated drought was to reduce this year's yield from the sherry vineyards to two-thirds of what could be considered normal. The harvest of about 1.1m hectolitres was a fifth down on last year's, which was already below par. But instead of being a disaster the result has brought some relief to the sherry growers' most pressing problem: too much wine on their hands.

*It coincides with a govern*ment-backed plan to cut stocks and adjust supply to demand, cutting down the vine area and distilling the unrequired intake.

Cynics would say that the Government's concern about the need for restructuring the sherry business has been greatly augmented since it expropriated the controversial Rumasa holding group 10 months ago—a group which originated in the Jerez region and which today, one way or another, controls about a third of the whole sector.

The difficulties encountered by the heavily export-oriented sherry producers in the last few years, as sales performance has failed to offset steep rises in costs, were already highlighted by the p*light of* the *prestige* Pedro Domecq group, which had embarked on an ambitious programme of investment and diversification and is now pulling itself out of losses.

With its prolific yields and traditional foreign market, *sherry makes up* more *than half of* all Spain's wine exports. Some 85 per cent of it goes abroad, half in barrels, with Britain remaining as always the principal customer, followed by the Netherlands and, only in third place, Spain itself.

The boom period was the 1960s. Between 1955 and 1965 sherry exports doubled, and between 1965 and 1975 they doubled again. Even though last year's export shipments were down at 1.1m hectolitres, they were still almost three times the 384,500 hectolitres Spain was selling 20 years previously.

Expansion

Sherry's runaway success allowed companies to pay above-average wages and plan ahead to buy in more grapes. It was clear that expansion would not keep going at the rate it was, at the start of the 1970s, without putting in more vines. Given that sherry, like champagne, goes through a process of three years or more (maturing, blending and fortification) in the vast bodegas, this needed planning well in advance.

New plantings within the confines of the closely-controlled area, mostly authorised between 1972 and 1975, *increased the* vineyard surface to 21,700 hectares, almost twice what it was before. The plantings, generally by farmers with long-term contracts to the big sherry companies, are considered to have improved the overall quality level through the use of modern techniques and greater mechanisation. But sales have failed to justify the expansion.

Markets such as West Germany have shown promising growth and potentially much larger outlets are foreseen in the U.S. and Japan.

To the sherry exporters' perpetual chagrin, however, they have failed—in marked contrast to the champagne authorities, faced with the same problem—to assert the exclusive right to the name (sherry, the Spanish form Jerez or the older spelling Xeres, used in French) in most of the places where it counts.

The exclusive label has been successfully defended in Continental Europe, but in the UK, Ireland, the U.S. and many other countries Spain's producers have to share the sherry African and Cypriot producers and the assemblers of what is amusingly called "British sherry."

One of the hopes vested in Spanish membership of the EEC is that it will help Jerez to protect its trade mark.

Unmatured

Exports have sagged after reaching a peak of 1.5m hectolitres in 1979. The latest shipment figures, for the 12 months to August, show a second-highest ever total of close to 1.4m hectolitres, but this was partly influenced by impending price adjustments.

The home market is growing year by year, but very slowly. Spaniards still drink less sherry per head than the British.

The rapidly-growing evidence of a sherry crisis brought the first plans two years for absorbing excess quantities of unmatured wine. The three-*year scheme now approved* by the Government, which includes compensation for the financial costs of reconversion and support for promotion, responds in part to the demands of the trade.

No new vine plantings are to be authorised, and some of the older vines will be uprooted, to a maximum of 1,500 hectares or about 7 per cent of the total area. Official ceilings on yields —which are among the highest in Europe—are to be strictly enforced.

During the duration of the plan new wine taken in for fermentation and maturing will be limited to the amount needed to replace the volume of finished wine that is sold.

This means that if the year's harvest is bigger than the same year's sales, there will be a surplus of wine to be distilled. *If sales exceed the harvest*, then companies will just reduce their stocks.

One question-mark that still looms over the sherry business is in the future of the Rumasa holdings. Rumasa, which apart from taking over the highly respectable Williams and Humbert, built up a web of indirect holdings, made itself the biggest power in the land and is accused by its rivals of having engaged in "illicit competition."

But if Rumasa's forceful approach was not felt to be "good for sherry," neither is the fact that the whole group is now a state affair. The traditional sherry houses are uncomfortable with such a large state role and so, some of them claim, are their clients.

A series of meetings already held with government representatives underline the difficulties in the way of rapid reprivatisation.

Among other problems is a labour issue, stemming from the relative overmanning of many of the vineyards taken over by Rumasa's founder, Sr Jose Maria Ruiz-Mateos.

The Government, *for its part*, appears set on a mixed solution involving both foreign and local interests—including, but not exclusively, some of the big bodegas—*in* the re-privatisation. But it will take some time before the new distribution of territory is settled.

Drought and land reform dominate

Agriculture

DAVID WHITE

DROUGHT and land reform occupied this summer's headlines. They convey an image of southern Spain's interior: the sun-baked *latifundio*, the absentee landowner, the ill-paid and insecure day-labourer: these are all part of Andalucia. But the region, similar in size to Portugal, is too large and disparate for it all to conform to the same image.

There are not only the great estates, although that is virtually all one sees when travelling through Huelva, Cadiz, Seville, and Cordoba, but also the smallholdings: from the backward and inefficient *minifundios* typical of the depressed areas of the eastern Andalucian highlands to the rich plastic-covered vegetable patches along the protected coastal belt of the south-east.

The land is not as poor as its reputation. It is more productive than the rest of Spain, and a bigger proportion of it —more than half—is cultivated. The wealth, present and potential, is concentrated in the triangle of the Guadalquivir Valley, where irrigation evolved enormously during the Franco era, on the coast and around Granada, an area irrigated 500 years ago by the Arabs.

In a normal year Andalucia, which comprises 17 per cent of Spain's territory, contributes between 18 and 20 per cent of its agrarian output and some 24 per cent of its more narrowly defined farming income. It produces a third of the country's cereals for human consumption, almost 60 per cent of its oilseeds, more than 90 per cent of its natural textile fibres and three-quarters of its olive oil.

This year's drought, the third consecutive one in this region as in most of Spain, brought heavy losses—in an early estimate by a senior official as much as Pta 100bn or a third of production—compounded by subsequent torrential rains in the western areas. A new tobacco plan was prevented from being implemented, winter cereals, sunflowers and sugar beet suffered badly and the rice crop was wiped out by the drought.

It was in this unpropitious situation that the head of the Andalucia Junta (autonomous government), Sr Rafael Escuredo, *announced* the preparation of a Bill to tackle the issue that has been fought over in the south for a century: land reform.

In pushing through its proposed legislation the junta faces vociferous opposition both from the Left, including the well-organised Communist trade union, Comisiones Obreras—which staged a six-week march around Andalucia to press for widescale land take-overs—and from the traditional Right. Typical in this respect was the conservative national daily ABC, which described the law as "a covert declaration of war, not only on farming business, but on business generally."

However, the plan stops far short of proposing a mass share-out. The kind of collectivisation sought at the time of the civil war is regarded as archaic. By leaning more heavily on laws already in existence, providing for the forcible take-over of farms deemed to be "*manifestly improvable*," the government may take over some land—but only, according to officials, in the rare instances where it has been to all intents abandoned.

Formula

In a certain number of other cases, a new formula is foreseen whereby the government would expropriate not the land itself but the use of it, meaning that the owner will have to rent it out on a long-term basis. Co-operatives would be installed to run these farms

But the emphasis of the plan, which is linked to training and the setting up of processing industries, is not on redistribution but on modernisation of what, after EEC enlargement, is potentially one of the most important agricultural regions in the community.

The traditional products of the unirrigated *secano*, based on the inevitable Mediterranean triad of olives (which take up as much as 30 per cent of the land in Andalucia), vines and cereals, are still fundamental to the region, but are progressively losing their weight.

Government agronomists deny that many estates are as inefficiently and irresponsibly farmed as the Left-wing rural unions claim. But the estates — only 1.5 per cent of Andalucian farm holdings cover more than 200 hectares, but they account for 53.5 per cent of all the farmland — are devoted largely to extensive farming even on the richer land.

This is not necessarily the farmers' fault, but the result of high protected prices to cereal-growers and of the capital cost of converting.

An indication is that Andalucia accounts for a third of all the seeds used in Spain but only 7.5 per cent of animal feedstuffs.

The Government's plan is to promote more intensive farming, especially livestock and horticulture (products such as artichokes and aspargus, not taken up by farmers up to now because of the absence of the same kind of price protection and because of the big irrigation factor), and to try to remedy shortfalls in processing and marketing.

The example of where intensive farming has succeeded—spectacularly—is the development of hothouse vegetable and fruit production on the coast, where one hectare of irrigated land is reckoned to be worth more than 50 of the dry land in the interior.

The "Almeria economic miracle" began in that province in the 1960s, and is reckoned to have multiplied its farm revenue in that time by a factor of five. Whole stretches there and in the province of Granada and Malaga are *under* plastic. *Sheltered* by mountains from northerly winds, these areas provide almost sub-tropical conditions.

The farms, usually very small family holdings although there are some co-operatives, are able to grow some products exclusively and *others early*: tomatoes, peppers, green beans, cucumbers, water melons, melons. These are exported to the French and northern European markets, in competition with North Africa and in some cases Italy and Greece.

Lesser-known fruits such as the custard-apple and medlar are being developed. Avocado pears, a market dominated by Israel, were being grown by only a few Spanish farms 20 years ago but now some 2,500 hectares are planted in Granada and Malaga.

These new sectors are reckoned to account for about a third of today's farm employment in the three south-eastern provinces and 16 per cent of Andalucia's.

Experts point to the *need* for improvements—better heating systems, for instance and more particularly better selection and presentation for the EEC market. But the hothouse experiment has already established itself as one of the most dynamic economic sectors in Spain, and points to what the south as a whole stands to gain as part of the Community.

PROFILE: PACO CASERO

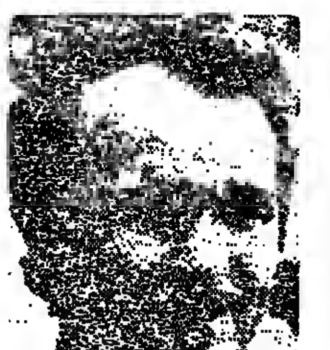
Fighting ownership structure

PACO CASERO heads the rural workers' union (SOC), Andalucia's radical peasant movement. The union, of which he was one of three founders in 1974, inherited a long tradition of anarchism in the south. Its campaign against the big landowners is flavoured with local nationalism and something long-forgotten in other parts of Europe: Luddism.

Though non-violent, it has been determined to stop the process of mechanisation in labour-intensive activities such as cotton-picking.

"When we have the land," says Casero, "We'll look into what kind of mechanisation is needed."

Arguing for a thorough land reform, aimed at breaking not only the ownership structure but also Andalucia's economic dependence, the SOC exerts a powerful romantic appeal. It holds sway in a handful of villages, including one, Marinaleda, where it forms the whole of the local council. Its leaders include a parish priest.



Farm occupations have become a regular occurrence, the union's latest campaign being against the reprivatisation of estates belonging to the Rumasa group, currently in government hands. Among the unemployed day-labourers, whose cause it upholds, it still appears to have more pull than the big communist union, the Workers' Commissions, which has started campaigning on the same pitch.

But then it is not like other unions, it has no bureaucracy, no paid officials, and draws its funds from private donations and collections at meetings. The 35-year-old Casero, who has dropped the title of secretary-general, has no car, relying on lifts to places where supporters provide food and a bed. His wife, a nurse, supplies the family income.

Within its ranks are several divergent currents, one more fiercely anarchist, another closer to the communists. Casero represents the faction closer to the ruling socialists. He says he has received indirect approaches for a government job, but "would rather go back to village life than accept a post."

DAVID WHITE

PROFILE: ENRIQUE OSBORNE

Gracious life of wine

ENRIQUE Osborne MacPherson belies two-thirds of his name. He claims to speak only four words of English.

Although the old sherry families have tended to be less unyieldingly British than their counterparts in Oporto, the normal lot for a future chairman of Osborne y Cia would have been to attend an English school. He missed out, and became an Air Force pilot.

The Osbornes were among the English, Scots and Irish merchants who started moving down to the Jerez region in the late 18th century, and whose names still predominate—Duff Gordon, now part of the Osborne group, Williams and Humbert, whose bodega used to house the British Consul in Jerez, Garvey, Terry, the Byass of Gonzalez Byass. *Even the* isolated French name Domecq had English connections.

The $100m a year Osborne business has 37 shareholders, all members of the family. At Puerto de Santa Maria, the *other sherry town after* Jerez de la Frontera, the name and famous bull symbol are all over the place. Enrique Osborne has his own family residence on the company premises themselves, surrounded by gracious patios and sepulchral wine-vaults.

He expresses less concern about profits, which are sagging, than about price-cutting. Better to sell less, he argues, adding that quality in the sherry business, despite strict bans on bringing in wine from outside, "is not what it should be."

He has an idea that one reason sales have been disappointing in recent years is that competition has brought prices down too low. Result: people no longer consider sherry a special drink.

Like its competitors, Osborne has had to restructure and broaden its interests beyond sherry and brandy. It is one of several to be active in both sherry and port—although its chairman insists that between an aperitif "fino" sherry and a white port "there is no comparison."

The latest move takes Osborne outside the drinks business into another speciality of proven Spanish excellence—cured ham. But Enrique Osborne is not about to commit the same heresy as another branch of the family: it went to Sevilla to run a brewery.

DAVID WHITE

Investment plan to bring more visitors to region

Tourism

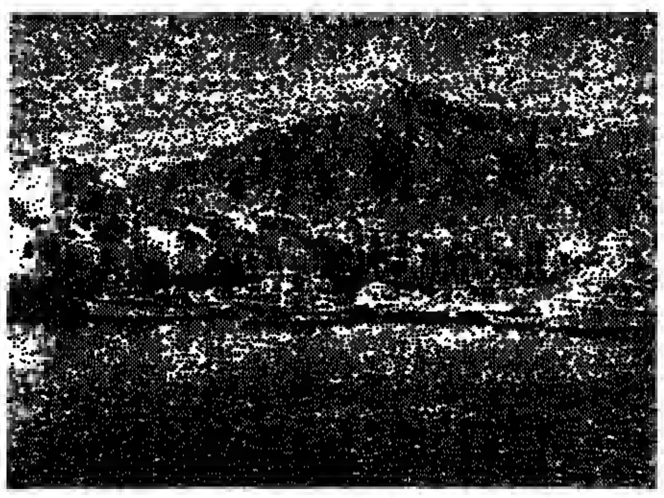
TOM BURNS

TOURISM WAS one of the first of the bureaucratic, legislative and executive packages to be handed over to the Junta de Andalucia under the decentralising process of Spain's newly inaugurated framework of autonomous regions.

With most of the necessary data in their hands, the Junta's tourism team woke up to an uncomfortable, disconcerting paradox. Perhaps 70 to 80 per cent of the image that Spain sells to the world is Andalucia — sun, Flamenco, bulls and sherry, and the smouldering Carmen with a red carnation between her lips. And yet the statistics tell a different story. Andalucia's share of the national tourist market is hardly commensurate with such global projection.

Nationally there are 26.8 hotel beds per 1,000 population while in Andalucia there are only 15.7 beds per 1,000. This not very auspicious figure is in any case deceptive as the greatest share of the region's tourist business is in Malaga province (the Costa del Sol) where there are 52.6 beds per 1,000. The rest of Andalucia is under-exploited and, in extreme cases such as the province of Huelva or of Cordoba, frankly barren.

Only 13 per cent of the tourists entering Spain spend a night in Andalucia, and it is not because there is nothing to see in the region: almost 60 per cent of what the Madrid administration deems to be "centres of national touristic interest," whether cathedral or castle, Roman ruins or nature reserves, are in Andalucia. But, as a study paper prepared by the Junta's Tourism Department concluded, only 15 per cent of the region's "interest" points has been properly developed for visitors.


Yachting harbour at Puerto José Banus, Costa del Sol

Enthusiasm

It is small wonder that the Junta's Tourism Department is buzzing with ideas and enthusiasm. At entry points to the region, from the west from Portugal, from the north, down the main highway from Madrid, or from the east, along the Levant coast, there will be major service areas under the slogan of "Andalucia starts here."

Near Malaga, the Andalucia Tourist Board is setting up a data bank which agents and individual tourists will be able to consult on apparently anything from the availability of beds in a far-flung village pension to what matador is bullfighting where and when.

The largest single item, rising to Pta 728m ($4.7m), on the Tourism Department's investment programme over the next three years is, curiously, devoted to modernising largely run-down thermal water spas, once popular with the Romans. More in keeping with the times, the department has earmarked Pta 250m for a share in projected conference centres in Seville and Granada.

A touch of glamour and romance is evidenced by the decision to spend Pta 100m on building up a "school of Andalucian equestrian art" in Jerez. Andalucia has always rightly prided itself on its knowledgeable love of horses and the Vienna "Spanish" riding school touches a raw nerve. "Would the Jerez venture attract British pony clubs?" asked one Junta official somewhat ingenuously.

An ambitious investment concerns the establishment of "tourist villages," with 200 beds apiece and with an initial investment of Pta 150m, in two of the least-known areas of Spain, let alone Andalucia: the Alpujarra Sierra, south from Granada, where the Bloomsbury group expatriate Gerald Brenan successfully isolated himself between the wars, and the Sierra de Cazorla, in Paen Province, which is at present visited solely by the hardiest of hunters.

Both "villages" will be run by a public tourism company formed by the Junta. This company will also sponsor four camping sites in Huelva and Cadiz provinces, two inland and two on the coast. The underlying philosophy of these public ventures as much as the budget allocations for the spas and the riding schools is to correct the present Malaga province/Costa del Sol imbalance of Andalucia's tourism and, more generally, to diversify the tourist industry.

A new project in the blueprint stage at the Tourism Department involves extending the irrigation of the Costa del Sol golf course (Malaga boasts the highest concentration of links in Spain) to create bowling greens (unheard of at present in Spain) that would be an incentive for the winter, senior citizen market from Northern Europe.

The already declared ventures as well as the guiding principles of the junta's tourism department are under fire from Andalucia's entrenched and well-versed hotelier sector. Sr Manuel Otero, the third generation of his family to own and run Seville's Hotel Inglaterra and a former executive of Spain's Hoteliers Association, says that the planned "tourist villages" in the faraway sierras will become white elephants.

The underlying accusation is that the public tourism company will provide publicly-funded "disloyal competition" to the private sector. This charge echoes one widely expressed by hoteliers at a Spanish national level when viewing the "parador" hotel network run by Madrid national tourist agency and the more exclusive hotels owned by the state holding company Instituto Nacional de Industria (INI). "If the paradores and the INI lose money, how is the junta going to make out with its ventures?" asks Sr Otero.

The private sector is further concerned at the prospect of having the Junta establish regional regulations, prices and labour legislation for the hotel industry.

Sharing a general lack of confidence in the Socialist-dominated Andalucia Junta with the region's business class as a whole, the hoteliers feel that the more fundamental problems facing the tourism sector, such as a good road communications, are being ignored.

Just as disconcerting is the brochure put out by the local Seville Tourism Board that hopes to entice English-speaking visitors with the slogan "put a myth in your holidays" (sic). It informs the prospective tourist that "many a time did Columbus dream by the river Guadalquivir of his enterprise across (sic) the sea." With Pta 455m set aside by the Tourism Department for the promotion of Andalucia abroad, aficionados of pidgin English are likely to have a field day.

At least one irony is that the Convent of la Rabida, near Huelva, where Columbus plotted his discovery course, levied his ships and crew and finally set off for the New World does not boast a single English-speaking guide, much less a guide book.

PROFILE: CURRO ROMERO

Rare bullfighter with an angel's grace

ON ARRIVING at the Maestranza bullring for the afternoon fight in Seville's April Feria, Curro Romero steps out of his limousine and the crowd holds back as he makes his way to the ring's chapel, a ritual visit before entering the arena. "Did you see how he stepped out of the car?" says a woman onlooker. "Did you see what 'gracia'?"

"Gracia," loosely, means "grace" or "natural elegance." It is something which the people of Andalucia say they alone possess and that the bullfighter Curro Romero personifies.

Garcia Lorca gave considerable currency to the word duende, literally "ghost," understood to mean the mystery and other-worldliness of the people of the south, especially gypsies. In Andalucia they also talk of somebody having "angel" which is a variation of graceful spirituality.

Romero, 37, is recognised as having "duende" and "angel" by the shovelful. He is not to be compared by ordinary bullfighting standards much less by those of normal mortals.

This is just as well because Romero puts on a disastrous, cowardly performance nine fights out of ten. And yet, in the hope of seeing "Curro," as he is known throughout the bullfighting world, on one of his rare, inspired days, aficionados have been flocking to see him ever since he took his alternativa to become a fully-fledged matador in 1959.

So disastrous was Romero in Madrid during the 1982 San Isidro Feria, the main feria in the bullfight calendar, and such was the storm of protest he provoked (beer cans, seat cushions and everything else at hand was pelted at him) that the Madrid bullring refused to bill him for the 1983 San Isidro event fearing that there could be serious public disorders.

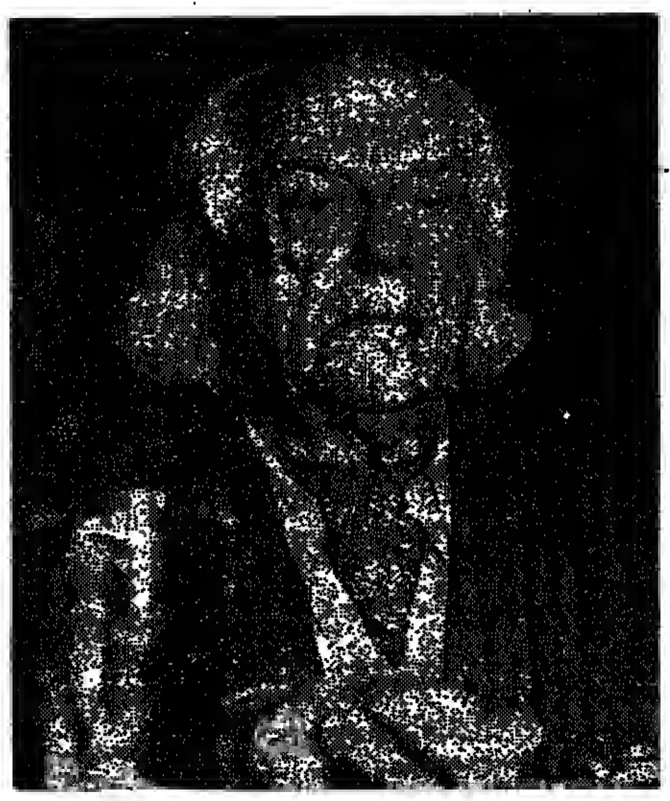
Romero was apparently unconcerned at this setback and announced that in the future he would fight only in Andalucia where his art could be appreciated. In Seville's feria, he commands the top price for a matador, about $15,000 for a fight and is billed up to five afternoons during the 10-day fiesta.

"Curro" has to have "his" bull, an adversary that complements his style, mood and inspiration, in order to perform. If it isn't his bull, and almost invariably it isn't, he does not bother to try. Elsewhere in Spain this is branded as dishonesty and cowardice. In Andalucia, where Romero is revered, such an attitude is understood and respected.

His hometown fans find aesthetic satisfaction just in seeing him step out of his car, strut across the arena and then unfurl his cape by the wooden barrier. What does it matter if, subsequently, he is incapable of standing still in front of the bull?

TOM BURNS

PROFILE: RAFAEL ALBERTI



Passionate poet who speaks for Andalucia

RAFAEL ALBERTI, who will be 82 in December, with his now grey straggly hair and proverbial piercing eyes, looks every inch the poet about whom people say "beware, beware." In fact, Sr Alberti, a Communist Party member, was under wraps throughout the Franco years and lived mostly in Rome where his home was an obligatory rendezvous for Spaniards stifled by the regime.

In November, in the extravagantly pompous language which is normal on such occasions, the Junta honoured him with the title "favoured Son of Andalucia." The award, the citation read, was in recognition of the poet's "universally recognised merits, having spoken with the voice of the people of his land in his pilgrimages and in his exile and having borne an unflinching witness at all times to a commitment and to a dedication that went beyond the confines of Andalucia."

Popular

Sr Alberti is a popular, public, professional artist and, with Salvador Dali, is a residual link with the crop of giants that Spain produced at the turn of the century—Picasso, the film maker Luis Bunuel and Garcia Lorca. With Lorca he shared a poetic passion for Andalucia drawing from the Flamenco "coplas" for his rhythms and taking his imagery from the region's colours, smells and sounds.

Sr Alberti was born in Cadiz, into an enlightened and prosperous wine business family. Cadiz and its bay, the shimmering Atlantic antechamber of the Indies, has been a constant reference point of his work. Sr Alberti's first book of poems, "Marinero en Tierra" (Seaman on Dry Land), published when he was 23, precociously called on readers to be:

"On alert for in these eyes
Of the South, and in this song,
I bring you all of the sea.
Look at me, the sea is passing by."

The book gained Sr Alberti lasting prominence. Just four years later he published what critics consider his masterpiece "Sobre los Angeles" (On Angels). Garcia Lorca had that same year produced "Romancero Gitano" (Gypsy Ballads) and the two books marked the highpoint of modern Spanish lyricism.

During the Spanish Civil war Sr Alberti toured the Republican lines giving poetry recitals and became a major propagandist against Franco. He returned to Spain as a Communist Member of Parliament, representing Cadiz, elected in the first post-Franco elections held in 1977. He soon resigned his seat in favour of a professional party politician and devotes himself fulltime to giving poetry readings which draw sizable crowds.

Sr Alberti's most recent literary accolade has been the 1984 "Cervantes" Prize awarded by the Madrid Ministry of Culture for services to Hispanic literature. Past winners of the prize, worth Pta 10m ($65,000) and considered the top award in Hispanic letters, have been the writers Jose Luis Borges of Argentina and Octavio Paz of Mexico.

TOM BURNS

SECTION III – INTERNATIONAL MARKETS
FINANCIAL TIMES
Wednesday November 23 1983

Long-awaited loan package from Crédit National, Page 42

WALL STREET

Busy tone set by new AT&T

LEADING shares on Wall Street chalked up a fresh round of gains yesterday and stock in the new AT&T parent moved higher in busy trading, *writes Terry Byland in New York.*

A modest downward revision of gross national product figures for the third quarter sustained Wall Street's belief that the economy has moved to a more sustainable growth pattern. The bond market held on to the better levels achieved at the end of last week, while turnover on the NYSE remained at the higher end of recent average levels. But the advance was slow to spread beyond the market leaders and several analysts sounded a note of caution.

Both sectors of the market turned sharply higher after the Federal Reserve announced $1.5bn in customer repurchases, which was followed by a fresh fall in the Federal funds rate to 8¾ per cent. This reduction in the cost of overnight borrowing buoyed confidence, but the Treasury's hefty pre-Christmas funding programme can be met without an upturn in short-term rates.

The long bond gained a further $½ to $103, to yield 11.75 per cent. In the stock market, the Dow Jones industrial average gained ground but slipped back from its best levels to close 7.01 higher at 1,275.61, within 10 points of the year's peak established in mid-October.

Turnover was heavy at 117.6m shares traded, but the total included the new AT&T stocks. Stocks with gains were 977 compared with 658 with falls.

The new AT&T stock quickly moved to the top of the list of active stocks, gaining $⅜ to $18⅜ on 5m shares, and pushing into second place the old AT & T which added $1 to $64½ on turnover of 4.1m shares.

Trading in the Bell operating companies remained moderate, with Bell Atlantic the most active, falling $¼ to $70 on 167,000 shares and Southwestern Bell least active, easing by $½ to $61⅛ on 86,500 shares.

Price changes in the other Bell companies were small, with Bell South a dull spot at $89, a fall of $1⅛.

International Telephone and Telegraph (ITT) traded uncertainly after the announcement of a new small computer, priced just below its IBM rival, but closed unchanged at $43.

IBM was sold down by $2¼ to $123, with investors not impressed by the increase of the group's stake in Intel, which makes the microprocessors and chips for IBM's desk top computers.

But there were some firm spots among the leaders. Honeywell jumped $1¾ to $134¼ and a large block trade boosted International Paper $⅞ to $56¼.

The pharmaceuticals sector was unsettled by the court award against Eli Lilly, which fell $2 to $63. At $38⅛, Pfizer lost $½.

Features elsewhere included Long Island Lighting (Lilco), which plunged $1⅞ to $12½ after reports that the New York State governor will not play any role in opening Lilco's nuclear powered plant a Shoreham, near Manhattan. Lilco has had difficulty gaining official approval for the plant.

Superior Oil edged up $½ to $37⅞ after the former Chairman told the SEC that his stake is for sale, thus resurrecting hopes of a bid.

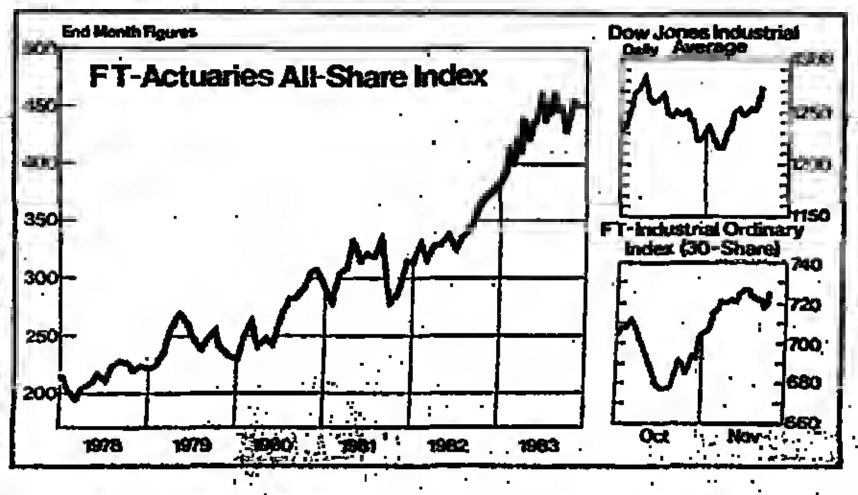
News that Mr Boone Pickens and his investors' group have been granted early release from the share-buying ban put Gulf Oil up $1⅞ to $43½.

Boosted by block trades, stock in Xerox put on $½ to $47⅞. Union Carbide added $1⅛ to $67½ on further consideration of the dividend increase, while Merck, another to lift its payout, put on $¼ to $98⅛.

With the Brazilian debt situation believed to be under control, bank stocks looked firmer. Chase edged up $⅞ to $46⅜ while manufacturers Hanover, at $38¾, gained $⅜.

Retail stocks continued to respond to higher retail sales. Toys R Us shed $⅛ to $42⅞ after disclosing third-quarter results within the market's range of forecasts. J. C. Penney was $⅜ better at $61.

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	Nov 22	Previous	Year ago
DJ Industrials	1275.61	1268.60	1000.00
DJ Transport	612.57	609.40	420.64
DJ Utilities	138.25	136.71	117.94
S&P Composite	166.84	166.05	134.22
LONDON			
FT Ind Ord	725.7	718.8	614.1
FT-A All-share	453.36	451.95	382.29
FT-A 500	487.29	484.78	426.3
FT-A Ind	446.06	444.55	400.73
FT Gold mines	479.8	477.8	400.4
FT Govt secs	83.46	83.25	81.06
TOKYO			
Nikkei-Dow	9416.56	9409.78	7901.65
Tokyo SE	689.76	690.27	579.83
AUSTRALIA			
All Ord.	717.3	718.1	500.9
Metals & Mins.	510.1	511.0	414.9
AUSTRIA			
Credit Aktien	54.27	54.27	47.61
BELGIUM			
Belgian SE	126.73	126.38	98.3
CANADA			
Toronto Composite	2470.8	2451.6	1612.3
Montreal Industrials	435.46	433.46	319.17
Combined	419.8	417.38	308.51
DENMARK			
Copenhagen SE	195.08	197.61	90.42
FRANCE			
CAC Gen	145.5	144.8	98.9
Ind. Tendance	155.9	154.9	120.9
WEST GERMANY			
FAZ-Aktien	338.03	336.8	241.02
Commerzbank	1003.3	999.5	731.0
HONG KONG			
Hang Seng	835.97	837.18	801.7
ITALY			
Banca Comm.	192.46	190.91	164.06
NETHERLANDS			
ANP-CBS Gen	140.8	139.2	97.7
ANP-CBS Ind	113.2	112.5	78.0
NORWAY			
Oslo SE	194.65	192.89	101.15
SINGAPORE			
Straits Times	955.81	955.66	748.54
SOUTH AFRICA			
Golds	726.8	718.3	687.1
Industrials	893.5	894.9	698.5
SPAIN			
Madrid SE	125.5	127.17	104.24
SWEDEN			
J & P	1476.79	1473.23	827.76
SWITZERLAND			
Swiss Bank Ind	355.1	353.9	268.0
WORLD	Nov 21	Prev	Yr ago
Capital Int'l	180.2	179.6	147.8

GOLD (per ounce)

	Nov 22	Prev
London	$376.375	$374.625
Frankfurt	$376.50	$374.25
Zürich	$376.50	$374.50
Paris (fixing)	$376.74	$374.28
Luxembourg (fixing)	$376.00	$375.25
New York (Nov)	$375.70	$376.10

* *Indicates latest pre-close figure*

CURRENCIES

(London)	U.S. DOLLAR Nov 22	U.S. DOLLAR Previous	STERLING Nov 22	STERLING Previous
$	–	–	1.4735	1.454
DM	2.69	2.7045	3.965	3.96
Yen	234.5	235.5	346	344.75
FFr	8.205	8.2275	12.075	12.0375
SwFr	2.171	2.167	3.20	3.2025
Guilder	3.0195	3.031	4.4525	4.4375
Lira	1632	1636	2401.5	2394
BFr	54.85	54.94	80.75	80.4
C$	1.23675	1.23625	1.822	1.8125

INTEREST RATES

Euro-currencies (offered rate)	Nov 22	Prev
£	9 5/16	9⅜
SwFr	4¼	4 5/16
DM	6 5/16	6 5/16
FFr	13 7/16	13⅛
FT London Interbank fixing (offered rate)		
3-month U.S.$	9⅞	9 15/16
6-month U.S.$	10 1/16	10⅛
U.S. Fed Funds	8¾*	9⅛
U.S. 3-month CDs	9.45	9.55
U.S. 3-month T-bills	8.75	8.765

U.S BONDS

Treasury	Nov 22 Price	Nov 22 Yield	Prev Price	Prev Yield
10⅜ 1985	99 29/32	10.51	99 26/32	10.58
11½ 1990	100 5/32	11.45	99 25/32	11.57
11.75 1993	101 7/32	11.53	100 17/32	11.65
12 2013	103	11.65	102 19/32	11.70
Corporate	**Nov 22 Price**	**Nov 22 Yield**	**Prev Price**	**Prev Yield**
AT & T				
10⅜ June 1990	93⅝*	11.80*	93⅞	11.75
3⅞ July 1990	67¾*	10.85*	68	10.80
8⅝ May 2000	75½*	12.15*	76¼	12.10
Xerox				
10⅞ March 1993	91⅞*	12.10*	92⅜	12.00
Diamond Shamrock				
10⅞ May 1993	90½*	12.35*	91⅛	12.25
Federated Dept Stores				
10⅜ May 2013	86⅜*	12.35*	87⅜	12.25
Abbot Lab				
11.80 Feb 2013	95⅝*	12.35*	96.40	12.25
Alcoa				
12¼ Dec 2012	95½*	12.85*	96.18	12.75

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
December	71–25	71–76	71–11	71–08
U.S. Treasury Bills (IMM) $1m points of 100%				
December	91.17	91.21	91.13	91.12
Certificates of Deposit (IMM) $1m points of 100%				
December	90.58	90.61	90.54	90.52
LONDON				
Three-month Eurodollar $1m points of 100%				
December	90.31	90.36	90.29	90.21
20-year Notional Gilt £50,000 32nds of 100%				
December	110–17	111–03	110–13	110–08

COMMODITIES

(London)	Nov. 22	Prev
Silver (spot fixing)	585.25p	571.15p
Copper (cash)	£960.50	£944.00
Coffee (Nov)	£1925.00	£1924.00
Oil (spot Arabian light)	$28.02	$28.05

LONDON

Groundwork laid for solid gains

GILTS and leading equities consolidated early gains in London yesterday with the FT Industrial Ordinary index closing 6.9 higher at 725.7.

Government stocks secured advances of up to ⅞ on renewed demand, while blue chip industrials found late direction in Wall Street's opening firmness and better than expected interim results from Metal Box, up 8p at 288p.

Mercury Securities put on 15p to 490p, although Akroyd & Smithers dropped further after the agreed £40.9m stake in the stockjobber.

Mining financials staged a good rally, boosted by firmer copper, up for the third consecutive trading session on the metal exchanges.

Details, Page 35; Share information service, Pages 36–37.

AUSTRALIA

PROFIT-TAKERS moved into national share-markets and trimmed the prices of leading industrial stocks, particularly those most favoured during recent bullish trading.

Rises nonetheless led falls in the industrial sector by five to three on increased volume. The All Ordinaries index eased 0.8 to 717.3.

BHP finished 10 cents down at A$13.05, while among the mining groups CRA and Bougainville both fell 2 cents to A$5.42 and A$2.40 respectively. ANZ banking group was pegged back 14 cents to A$5.96 after a series of heavy gains along with its better annual results and one-for-10 scrip.

HONG KONG

A LATE bout of selling erased early Hong Kong gains and left the Hang Seng index 1.21 off at 835.97, after rising 14.19 by midsession.

Among properties, Cheung Kong lost 15 cents to HK$6.65 and Swire Properties 7.5 cents to HK$4.40, while Hongkong Land was unchanged at HK$2.65. Among companies to advance were China Light, up 30 cents to HK$14; Jardine Matheson, 10 cents to HK$10.80; and Hongkong Telephone, 40 cents to HK$33.75.

Amid speculation about the possible sale of a sizeable stake in Hutchison Whampoa, the company's shares eased 20 cents to HK$13.30.

SINGAPORE

THE STALEMATE over the Malaysian constitution continued to dampen Singapore trading. Stocks drifted throughout the day, reflecting the lack of conviction among investors.

Rises narrowly outnumbered falls, but the large majority of stocks closed unchanged.

Among industrials Haw Par rose 8 cents to S$2.24, Inchcape 5 cents to S$2.89 and Sime Darby 3 cents to S$2.38.

SOUTH AFRICA

A SMALL rally in gold issues and Sasol, the oil from coal producer, were the centre of Johannesburg attention.

Reports that three U.S. banks intend to auction 2.5m letters of allocation to Sasol's forthcoming rights issue focused the minds of many holders of American Depository Receipts, who are unable to subscribe to rights issues, but Sasol closed unchanged at R4.15 after touching R4.10.

CANADA

STRONGER resource issues precipitated a rally in Toronto, with golds turning in the brightest performance. Metals and minings recovered most of the previous session's losses.

Banks and utilities in **Montreal** outpaced gains in papers and industrials.

TOKYO

Hitachi's headaches halt rise

HITACHI'S new decline threw cold water on initial active buying of blue chip semiconductor shares in Tokyo yesterday, while investor interest gradually shifted from high-earning to speculative issues in moderately busy trading, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei-Dow average had advanced more than 40 points within 15 minutes of the opening, but then edged down for the rest of the day to finish at 9,416.56, a small gain of 6.78, ahead of a market closure for a public holiday today.

But volume expanded to 283.36m shares from Monday's 183.42m. Declines slightly outnumbered advances 325 to 304, with 228 issues unchanged.

Buoyed by an overnight rise on Wall Street, semiconductor makers like NEC, Fujitsu and Oki Electric rose sharply on active buying in early trading. But persistent light selling of Hitachi, again hit by reports on its agreement with IBM to settle their computer secrets suit, quickly eroded bullish sentiment.

Newspaper reports said that in the agreement Hitachi had admitted that its operating system for large Hitachi computers infringed IBM's software copyright, and pledged to ask its users to conclude independent software contracts with IBM or to use less advanced Hitachi-developed software.

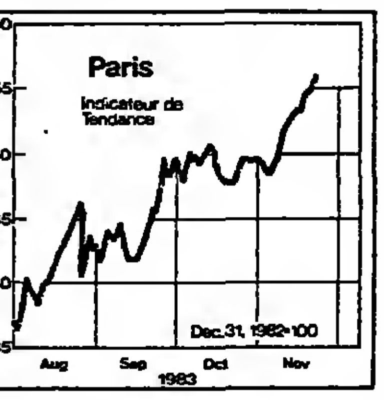
Hitachi, the day's volume leader with 9.5m shares changing hands, finished off Y32 at Y810 after declining Y37 at one point. NEC, which gained Y50 initially, closed only Y20 higher at Y1,330, and Oki Electric was up Y3 at Y785. Fujitsu lost Y30 to Y1,270 on increased selling after a morning advance of Y40.

Bolstered by renewed interest in speculative issues, Aoki Construction rose Y9 to Y547. Among other gainers was Iseki, a leading agricultural machinery maker, which climbed Y12 to the year's new high of Y373 on good earnings reports.

Matsushita group shares also continued to attract buyers, with Matsushita Electric Industrial advancing Y20 to Y1,770 and Matsushita Communication Y50 to Y3,780.

The Tokyo Stock Exchange announced after the close that margin buying positions on the Tokyo, Osaka and Nagoya markets had dropped by Y25.5bn to Y2,279.9bn at the end of last week, registering the fifth consecutive weekly decline. Margin selling increased Y2.3bn to Y223bn.

There was little activity on the bond market. The yield on the barometer 7.5 per cent government bonds, due in January 1993, edged down one basis point from the previous session to close at 7.60 per cent.



EUROPE

Frankfurt unmarked by VW skid

WALL STREET'S firmer tone and encouraging corporate news from several centres yesterday inspired renewed confidence on the European bourses. Although still restrained, the buying pressure left most key indicators higher.

Volkswagen (VW) was the one bleak sport for **Frankfurt**, but news of its nine-month loss was counterbalanced by several other strong company results.

VW also failed to steer investors away from the automotive sector as a whole. While VW shares fell DM 11.20 to DM 205, BMW was up DM 1.70 to DM 420.50 and Daimler DM 2 to DM 685.

Chemicals were sought-after on news of BASF's nine-month profits. BASF rose DM 2.80 to DM 167.30 and was followed forward by Bayer, which firmed DM 2.40 to DM 166.90, and Hoechst, DM 1 to DM 179.50. Bayer is due to report next week and the market anticipates a strong performance.

The Commerzbank index climbed back through the 1,000 barrier with a 3.8 point advance to 1.003.3.

West German bond prices closed generally lower after a firm opening. Bond prices were down by as much as ¼ point and the Bundesbank sold DM 4.1m worth of paper.

Activity in **Paris** picked up from the lethargic tone which has characterised trading during the past week. All major sectors improved.

Dealers attributed the brighter tone to a ¼ point decline in the local call money rate as well as Wall Street's overnight performance.

Insurance groups dominated **Amsterdam** attention following news of the proposed offer by Nat-Ned to increase its holding in fellow insurer Amfas.

The exchange lifted the suspension on trading in Amfas shares imposed on Friday, and they quickly rose to close Fl 26 higher at Fl 155, still well below Nat-Ned's considered offer of Fl 170 per share. Nat-Ned eased 50 cents to Fl 177.

Brussels activity also stepped up, although gains were modest and turnover thin.

Some trading companies were sheltered from the heightened activity by the start of trading in their new rights issues. Groupe Bruxelles Lambert, for example, fell BFr 250 to BFr 1,965, while among the electrical holding companies engaged in new rights issues, Electrafina fell BFr 225 to BFr 3,085 and Electrobel BFr 220 to BFr 6,180.

Support for the Italian coalition provided by results from local elections underwrote a generally stronger **Milan** session. Support moderated during the afternoon, though, and most leading issues closed below their peaks.

Montedison, the diversified industrial group, was the subject of intense buying interest and closed up L3.75 at L213.75, although after-bourse dealing pushed it to L218.

Stockholm continued Monday's trend and finished higher on reduced turnover. Ericsson shares were cut back, erasing some of Monday's gain made on news of a substantially higher nine-month profit. The stock closed down SKr 8 at SKr 430.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
17¾	6⅝	AAR	.44	3.1	13	31	14⅛	13⅞	14⅛	
52⅛	39½	ACF	1.40	2.7	243	53	51⅛	50⅞	51	
18⅞	14¼	AMF	.50	3.1		536	16¼	15⅞	16⅜	+ ⅛
39⅛	17⅞	AMR Co			16	4921	38	37	37⅛	− ⅞
19½	15	AMR	pf2.18	11.		20	19¼	19	19	
40¼	34⅞	AMR	pf2.13	5.6		36	39⅞	38	38¼	−1⅛
15¼	3⅛	APL			22	525	14⅜	12⅞	14⅝	+2¼
55	37¼	ARA	2.05	4.0	11	478	51½	50¼	51⅛	− ½
79⅞	50⅛	ASA	3a	5.8		342	52¼	51⅝	52	+ ⅜
33⅜	14	AVX	s .32	1.2	41	382	27⅛	26¾	27	
53⅞	34⅛	AbtLab	1	2.2	17	4234	47¼	45¼	45¼	−1⅛
30½	23⅜	AccoW	n .60	2.2	20	178	27½	27¼	27½	+ ½
27⅞	16⅜	AcmeC	.40	1.5		140	28	23⅜	26	+2
14⅜	7⅜	AcmeE	.32b	3.0	525	65	10½	10¼	10½	+ ¼
24⅞	8¼	AdmDg	.04	.2	17	8	21⅞	21½	21½	− ¼
16⅝	15	AdaEx	1.73e	9.4		45	u18½	18⅜	18½	+ ⅜
19⅜	7⅜	AdmMl	.24	1.5	6	70	15⅜	15¼	15⅜	
16⅝	8⅜	Advest	.12	.8	0	204	14⅜	14	14⅛	− ⅛
34⅞	10⅞	AMD	s		56	2086	34½	32⅞	33	−1⅛
24⅝	12⅞	Aeflx	s		16	112	15⅜	15¼	15⅜	− ¼
43½	32⅞	AetnLf	2.64	7.2	9	1736	36⅞	36⅜	36⅝	+ ⅜
68	55⅛	AetL	pf5.09e	8.8		266	58½	58	58	+ ⅜
40½	22½	Ahmns	1.20	3.9	8	295	31	30⅛	30⅛	+ ⅛
7⅜	2¾	Aileen				167	4⅛	4⅛	4¼	+ ⅛
51	31	AirPrd	1	2.3	13	576	44⅜	43⅝	44⅛	+ ⅜
28	13⅝	AirbFrt	.60	2.0	24	342	u30	27⅜	30	+2⅜
2⅞	1½	AlMoa	s		22	50	2⅛	2⅛	2⅛	
33½	28¼	AlaP	pfA3.92	13		14	30⅜	30½	30⅜	− ⅛
7⅝	6⅛	AlaP	dpf.87	12		46	7⅛	7	7	
99	85	AlaP	pf 11	11		z100	97	97	97	

Continued on Page 33

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued on Page 34

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 32

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a—dividend also extra(s). b—annual rate of dividend plus stock dividend. c—liquidating dividend. cld—called. d—new yearly low. e—dividend declared or paid in preceding 12 months. g—dividend in Canadian funds, subject to 15% non-residence tax. h—dividend declared after split-up or stock dividend. j—dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k—dividend declared or paid this year, an accumulative issue with dividends in arrears. n—new issue in the past 52 weeks. The high-low range begins with the start of trading. nd—next day delivery. P/E—price-earnings ratio. r—dividend declared or paid in preceding 12 months, plus stock dividend. s—stock split. Dividends begins with date of split. sls—sales. t—dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u—new yearly high. v—trading halted. vi—in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd—when distributed. wi—when issued. ww—with warrants. x—ex-dividend or ex-rights. xdis—ex-distribution. xw—without warrants. y—ex-dividend and sales in full. yld—yield. z—sales in full.

WORLD STOCK MARKETS

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 33

CANADA

DENMARK

NETHERLANDS

AUSTRALIA

JAPAN (continued)

FRANCE

NORWAY

SPAIN

GERMANY

HONG KONG

SWEDEN

AUSTRIA

Nov. 22	Price Sch%	+ or —
Creditanstalt	211	......
Goesser	326	+2
Interunfall	410	......
Landerbank	211	—1
Perlmooser	527	+2
Steyr Daimler	151	......
Veitscher Mag	198	+1

BELGIUM/LUXEMBOURG

Nov. 22	Price Frs.	+ or —
ARBED	1,166	+26
Banq Int A Lux	4,540	......
Bekaert B	2,270	+20
Ciment BR	1,930	+8
Cockerill	165	+5
Delhaize	4,550	+50
EBES	2,370	......
Electrobel	6,140	—240
Fabrique Nat	2,100	—66
GB Inno BM	3,086	—5
GBL (Brux)	1,965	—50
Gevaert	2,610	—50
Hoboken	4,795	+90
Intercom	1,800	......
Kredietbank	6,200	—50
Pan Hldgs.	2,000	+100
Petrofina	6,640	+36
Royale Belge	6,900	......
Soc. Gen. Banq	2,800	+45
Soc. Gen. Belge	1,620	+50
Sofina	5,000	+11
Solvay	3,305	—5
Traction el	3,120	+700
UCB	5,990	+20
Vieille Mont	3,590	—11

ITALY

Nov. 22	Price Lire	+ or —
Banca Com'le	27,500	+10
Bastogi-IRBS	195	+8
Centrale	1,350	+120
Credito Varesino	3,999	—1
Fiat	3,100	+51
Finsider	45.4	+3
Generale (Assic)	156,T10	—240
Invest	5,000	+10
Italcementi	44,330	—530
Montedison	216.2	+6.7
Olivetti	3,675	+130
Pirelli Co	2,640	......
Pirelli Spa	1,450	+13
Snia BPD	1,248	+16
Toro Assic	11,900	+120
do. Pref	8,100	—80

SWITZERLAND

Nov. 22	Price Frs.	+ or —
Alusuisse	774	—6
Bank Leu	4,150	—50
Brown Boveri	1,210	+10
Ciba-Geigy	2,225	+5
do. (Part Certs)	1,810	+15
Credit Suisse	2,155	......
Elektrowatt	2,880	+15
Fischer (Geo.)	580	—5
Genevoise	3,550	......
Hoff-RochePtCts	99,250	+750
Hoff-Roche 1/10	2,985	+75
Jacobs Suchard	5,450	+25
Jelmoli	1,800	......
Landis & Gyr	1,405	......
Nestle	4,290	+10
Oer-Buehrle	1,250	+5
Pirelli	255	......
Sandoz(Br)	7,100	......
Sandoz (PtCts)	1,150	+15
Schindler (PtCts)	410	......
Swissair	215	......
Swiss Bank	301	+2
Swiss Reinsce	7,350	—50
Swiss Volksbk	1,400	......
Union Bank	3,310	+15
Winterthur	2,920	+5
Zurich Ins	17,450	......

JAPAN

Nov. 22	Price Yen	+ or —
Ajinomoto	995	+10
Alps Electric	2,415	+20
Amada	900	+11
Asahi Chem	384	—5
Asahi Glass	868	—6
Bridgeston	570	+5
Canon	1,450	+15
Casio Comp	1,460	—20
Chugai Pharm	995	+5
Citizen	585	—3
Daiei	543	+1
Dai Nippon Ptg	884	+17
Daiwa House	520	+3
Ebara	333	—1
Eisai	1,290	—20
Fanuc	6,890	+190
Fuji Bank	500	......
Fuji Film	2,050	+20
Fujisawa	903	—2
Fujitsu	1,270	—30
Green Cross	1,760	+15
Hasegawa	465	+5
Heiwa Real Est	622	—17
Hitachi	810	—32
Hitachi Credit	1,200	......
Honda	1,070	......
House Food	921	+2
Hoya	1,270	......
Itoh (C)	251	......
Ito-Yokado	1,630	—10
Iwatsu	1,850	+10
JACCS	338	—3
JAL	2,290	+15
Jusco	520	+2
Kajima	313	—7
Kao Soap	636	+4
Kashiyama	619	—1
Kirin	455	+5
Kokuyo	854	—6
Komatsu	491	—2

SINGAPORE

Nov. 22	Price $	+ or —
DBS	2.4	+0.15
Fraser & Neave	6.05	—0.1
Genting	4.8	—0.02
Haw Par	2.24	+0.08
Inchcape Bhd	2.82	+0.05
Keppel Shipyard	5.44	—0.08
Malay Banking	9.2	......
Malay Brew	6.15	+0.15
Multi Purpose	1.78	—0.03
OCBC	10.2	+0.1
OUB	4.46	+0.16
Sime Darby	2.38	+0.08
Straits St'mship	1.85	+0.01
Straits Trdg	5.55	......
UOB	5.6	+0.05

SOUTH AFRICA

Nov. 22	Price Rand	+ or —
Abercom	2.80	—0.05
AE & Cl	7.5	—0.5
Anglo Am Coal	23.50	—0.50
Anglo Am Corp	19.40	+0.05
Anglo Am Gold	122.25	+0.25
Barclays Bank	16	......
Barlow Rand	18.50	......
Buffels	63.50	......
CNA Gallo	2.40	......
Currie Finance	4.0	......
De Beers	8.2	+0.1
Driefontein	33.75	+1.0
FS Geduld	38.0	+0.5
Gold Fields S.A.	22.25	+0.25
Highveld Steel	4.75	......
Nedbank	16.5	......
OK Bazaars	20	......
Protea Hldgs	5.4	......
Rembrandt	23.0	—0.5
Rennies	11.75	+0.25
Rustenburg	11.4	—0.1
Sage Hldgs	6.8	......
SA Brews	7.10	+0.05
Smith (C.G.)	22.50	—0.25
Tongaat Hulett	9.9	......
Unisec	6.10	—0.10

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

Indices

NEW YORK-DOW JONES

	Nov 22	Nov 21	Nov 18	Nov 17	Nov 16	Nov 15	1983 High	1983 Low	Since Compil't'n High	Since Compil't'n Low
Industrials	1275.81	1268.5	1251.82	1254.87	1251.32	1247.87	1272.15 (7/10)	174.38 (11/1)	1272.15 (7/10/83)	41.22 (2/7/32)
Transport	812.57	608.4	606.34	589.96	598.28	598.5	608.4 (22/11)	434.24 (3/1)	608.4 (22/11/83)	12.23 (8/7/32)
Utilities	138.25	136.71	137.33	138.1	138.49	136.55	148.7 (31/10)	119.48 (3/1)	163.32 (20/4/69)	10.55 (28/4/42)
Trading vol 1000's†	11755	9774	8025	8874	8338	7784	-	-	-	-

	Nov 11	Nov 4	Oct 28	(Year Ago Approx)
Ind div yield %	4.48	4.58	4.55	5.21

STANDARD AND POORS

	Nov 22	Nov 21	Nov 18	Nov 17	Nov 16	Nov 15	1983 High	1983 Low	Since Compil't'n High	Since Compil't'n Low
Industrials	187.48	186.72	185.56	186.97	186.87	186.17	193.22 (22/6)	154.95 (3/1)	193.22 (22/6/83)	3.52 (30/6/32)
Composite	166.84	166.85	165.08	166.12	166.08	165.36	170.99 (22/6)	138.34 (3/1)	170.99 (22/6/83)	4.4 (1/6/32)

	Nov 16	Nov 9	Nov 2	Year Ago (Approx)
Ind div yield %	3.87	4.01	3.88	4.83
Ind. P/E Ratio	14.37	14.18	14.24	10.12
Long Gov Bond Yield	11.61	11.76	11.60	10.41

N.Y.S.E. ALL COMMON

Nov 22	Nov 21	Nov 18	Nov 17	1983 High	1983 Low
-	-	-	-	442.62 (6/5)	79.79 (24/1)

RISES AND FALLS

	Nov 22	Nov 21	Nov 18
Issues traded	2017	1997	1982
Rises	963	896	746
Falls	662	690	823
Unchanged	392	411	413

MONTREAL

	Nov 22	Nov 21	Nov 18	Nov 17	1983 High	1983 Low
Industrials	435.48	433.46	432.23	433.7	453.88(5/5)	321.12(4/1)
Combined	419.8	417.38	417.12	418.65	441.29(26/8)	318.45/5)
TORONTO Composite	2470.8	2451.8	2453.1	2463.1	2598.2(26/5)	1948.8(4/1)

U.S. INDICES: CLOSING VALUES. YESTERDAY'S CANADIAN INDICES: LATEST AVAILABLE

	Nov. 22	Nov. 21	Nov. 18	Nov. 17	1983 High	1983 Low
AUSTRALIA All Ord. (1/1/80)	717.3	718.1	714.8	710.1	758.7 (12/8)	487.8 (4/1)
Metals & Minls. (1/1/80)	610.1	611.8	613.2	612.7	614.2 (5/8)	411.8 (4/1)
AUSTRIA Credit Aktien (2/1/62)	54.27	54.27	54.31	54.31	59.8 (6/6)	49.48 (18/2)
BELGIUM Belgian SE (31/12/63)	126.73	126.30	127.11	127.30	134.46 (1/6)	100.50 (4/1)
DENMARK Copenhagen SE (3/1/83)	195.80	197.81	199.19	196.55	224.22 (13/6)	100.08 (5/1)
FRANCE CAC General (31/12/82)	145.5	144.8	144.8	144.3	145.5 (22/11)	98.1 (5/1)
Ind Tendance (31/12/82)	155.8	154.9	154.8	153.2	155.8 (22/11)	98.9 (5/1)
GERMANY FAZ-Aktien (31/12/58)	336.08	338.88	338.85	345.33	345.33 (17/11)	241.92 (25/1)
Commerzbank (Dec 1953)	1005.4	999.5	1008.30	1021.8	1021.8 (17/11)	727.9 (25/1)
HONG KONG Hang Seng Bank (31/7/64)	896.97	887.19	898.49	882.29	1102.84 (21/7)	690.06 (4/10)
ITALY Banca Comm Ital. (1972)	192.46	190.91	191.78	189.87	214.35 (21/6)	166.45 (18/1)
JAPAN** Nikkei-Dow (16/5/49)	9416.59	9409.78	9396.88	9416.85	9563.28 (12/10)	7805.18 (25/1)
Tokyo SE New (4/1/68)	688.76	690.27	687.37	690.79	690.60 (7/10)	574.81 (25/1)
NETHERLANDS ANP-CBS General (1970)	140.8	139.5	139.2	139.1	144.8 (11/10)	109.1 (4/1)
ANP-CBS Indust (1970)	113.2	112.6	112.5	112.5	118.4 (10/10)	85.5 (4/1)
NORWAY Oslo SE (4/1/83)	194.65	192.89	195.88	195.82	217.90 (10/10)	99.61 (4/1)
SINGAPORE Straits Times (1966)	856.81	855.88	864.84	843.14	982.82 (25/6)	712.28 (5/1)
SOUTH AFRICA Gold (1958)	(u)	713.2	—	731.9	1088.5 (1/2)	661.4 (1/11)
Industrial (1958)	(u)	894.5	—	902.8	998.7 (28/6)	794.9 (3/1)
SPAIN Madrid SE (31/12/82)	128.00	(c)	127.17	127.88	128.14 (10/11)	88.32 (11/1)
SWEDEN Jacobson & P. (1/1/58)	1476.79	1472.29	1465.02	1459.41	1528.60 (6/6)	886.18 (3/1)
SWITZERLAND SwissBankCpn. (31/12/58)	356.1	352.9	355.8	355.1	356.3 (8/11)	294.4 (4/1)
WORLD Capital Intl. (1/1/70)	—	189.2	178.8	189.5	195.9 (10/10)	154.3 (3/1)

(**) Saturday Nov 19: Japan Nikkei-Dow 9,387.83. TSE 688.79.

Base values of all indices are 100 except Australia All Ordinary and Metals—500. NYSE All Common—50: Standard and Poors—10: and Toronto—1,000: the last named based on 1975. † Excluding bonds. ‡ 400 Industrial. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c-Closed. u Unavailable.

LONDON STOCK EXCHANGE

MARKET REPORT

Gilts and equity leaders consolidate early gains

Share index 6.9 up at 725.7

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Nov 14	Nov 24	Nov 25	Dec 5
Nov 28	Dec 8	Dec 9	Dec 19
Dec 12	Dec 22	Dec 23	Jan 9

* "New-time" dealings may take place from 9.30 am two business days earlier.

The two main investment areas of London Stock Markets made a brighter showing yesterday but the volume of business remained at a disappointingly low level. Gilt-edged securities supplied the lead, parading fresh rises nearing a full point at one stage as buyers warmed to the prospect of reduced inflation next year. Leading equities, meanwhile, staged a technical improvement which mainly reflected Wall Street's overnight strength.

Government stocks attracted buyers from the opening. After the previous day's rises of around ⅛, advances to ½ were soon achieved on renewed demand. Treasury 10½ per cent 1999 closed that much better at £102. Dealings started yesterday at £99½ in the new Conversion 10¼ per cent 1999 stock, resulting from the £980m conversion of Treasury 2½ per cent Index-linked 1999, and the close was £100. Shorter maturities were quieter and ended with improvements ranging to 1/16 with the recently-issued partly-paid tap Exchequer 10 per cent 1989 trading at a premium for the first time, rising 1/16 to £20 1/16. The FT Government Securities index put on 0.21 further at 83.46.

Blue chip industrials lacked direction after the opening mark-up, but later consideration of Wall Street's firm showing and much better-than-expected interim results from Metal Box helped prices to move forward in thin trading: Metal Box touched 292p, before finishing 8 up on balance at 288p. Of the index constituents, Lucas Industries made the best showing with a rise of 8 to 142p with demand fuelled by recovery hopes after the directors' remarks in the annual report.

The Financial Times Industrial Ordinary share index retrieved the previous day's fall of 2.6 at the first count, recording a gain of 2.8 at 10.00 am, before ending 6.9 up at the day's highest of 725.7. Late sentiment was helped by yesterday's opening firmness on Wall Street.

Merchant Banks up

Special situations and company news items again provided the main points of interest in equities. Akroyd and Smithers declined further following comment on the £40.9m agreed terms at which Mercury Securities is to acquire a 29.9 per cent stake in the stockjobbing concern; the latter's shares rose 15 to 490p. Exco were not affected by the announcement that the group would not now be acquiring a 29.9 per cent stake in stockbrokers Wood Mackenzie. Among Stores, Burton edged higher in response to the proposed 100 per cent scrip-issue which accompanied satisfactory results, while Fisons featured drug issues on a broker's circular coupled with vague takeover suggestions.

Merchant Banks saved the main Financial sectors from total dullness. Small investment support made quite a mark, lifting Leopold Joseph 15 to 295p, Brown Shipley 10 to 335p and Schroders the same amount to 680p; all prices were at peaks for the year. The main clearers moved lower, but closed above the worst with Barclays 5 easier at 480p, after 475p. Discount Houses responded to their rising Gilt-edged portfolios, Union advancing 20 to 620p and Cater Allen 8 to 413p. Persistent small demand in a narrow market took United Leasing up 17 to 182p; the interim results are due on December 6.

Insurances became uncertain awaiting Allianz's intentions regarding Eagle Star; the latter reacted to 635p before closing 10 down on balance at 640p. Phoenix lost 7 to 386p and General Accident 5 to 433p, while Life insurer Prudential gave up 6 at 440p. Enhanced interim profits failed to support C. E. Heath, which shed 4 to 313p, while Willis Faber slipped 9 to 626p.

Recent newcomers to the Unlisted Securities Market were often a shade easier for choice. Yesterday's debutant Mebon, which manufactures high-performance coatings and protective paints, started at 97½p and settled at 101p compared with the placing price of 96p.

Cement manufacturers improved on the possibility of higher prices resulting from the mooted impending 15 per cent increase in U.S. quotations. Blue Circle were prominent with a gain of 8 to 425p, after 427p, while Cement Roadstone rose 3 to 57p. Rohan jumped 20 to 170p following news that a privately-owned concern, incorporated in the British Virgin Islands and operating for Middle East interests, had acquired a 16.7 per cent stake, but Heywood Williams fell 5 to 118p on the proposed rights issue. Elsewhere, Roberts Adlard moved up 5 to 145p and Galliford Estates put on 3 at 56p, but profit-taking brought recently-firm Wettern Bros back 4 to 81p.

Amersham's mid-term results failed to excite and the price eased a couple of pence to 228p. Many Chemicals followed the drift lower with the notable exception of top group ICI, which hardened 2 to 606p.

Woolworth rise

Investors again showed scant enthusiasm for major Retailers despite recent confirmation of continuing buoyant consumer spending ahead of the all-important pre-Christmas period. Burton provided some interest, however, firming 4 to 376p after the proposed 100 per cent scrip issue with the 61 per cent preliminary profits expansion, the latter falling much in line with market estimates. Speculative demand for Woolworth found the market acutely short of stock and dealers were induced at one stage to quote a basis price of 305p; the shares closed a net 14 up at 297p.

Among electrical retailers, Comet gave up 6 more to 305p, the cautious tone of the accompanying statement again outweighing the increased profits and 1-for-1 scrip issue. In sympathy, Dixons, 218p, and Currys, 340p, eased 7 and 2 respectively.

The Electrical leaders were inclined harder, GEC improved 4 to 194p and Plessey 2 to 208p. Excited by news of the conditional agreement to acquire Lion Systems Developments, Atlantic Computer advanced 32p to 412p, while MK Electric, still reflecting satisfactory half-year results, improved 8 more to 308p. Press mention stimulated interest in Highland Electronics, 3 to the good at 67p, after 70p, and Pactrol Electronics responded to the increased interim dividend and profits with a rise of 15 to 485p. Demand developed for Ward and Goldstone, which rose 7 to 92p, while other noteworthy movements included Micro Focus, 15 higher at 590p, and Feedback, 11 dearer at 288p.

Unsettled by news of the grounding of Lynx helicopters after a warning that part of the rotor assembly could be faulty, Westland met selling and closed 11 down at 137p. Elsewhere in the Engineering sector, Ratcliffs (Great Bridge) put on 5 to 79p on the announcement that Industrial Equity (Pacific) had increased its holding in the company to 5.34 per cent. Occasional support left Simon 5 to the good at 350p. TI were again worthy of note in the leaders with a fresh rise of 5 to 147p.

The Food sector was almost devoid of features. Leading issues moved against the trend with Tesco 2 easier at 164p. Profit-taking reversed S. and W. Berisford's recent promising run and the close was 4 lower at 192p, but sporadic support lifted Meat Trade Suppliers 5 to 74p and Hillards 4 to 248p. The announcement of increased half-year profits left Amos Hinton 3 better at 250p. A. Fisher were 53p ex the capitalisation issue of 7 per cent Convertible Preference to Ordinary holders; the Preference closed at 97½p, after 101½p.

Among Hotels, Trusthouse Forte rose 4 to 170p and Prince of Wales 3 to 145p.

Initial react

Helped by the overnight improvement on Wall Street, leading miscellaneous industrials put on a relatively firm performance. Glaxo firmed 6 to 748p following a broker's visit to the company. BOC edged up 6 to 240p and BTR ended 7 dearer at 384p. Elsewhere, comment on the half-year figures prompted a reaction of 30 to 447p in Initial. In contrast, stimulated afresh by the Rosen and Marmor stake, which gave rise to talk of a possible shell operation, Wolverhampton Steam Laundry gained 12 to 105p, after 123p, for a two-day jump of 52.

Reports of a broker's circular left Fisons 15 to the good at 745p, while Rank Organisation firmed 3 to 195p on the proposed sale of the group's shares in Rank-NEC Pty. of Australia. Employment Agencies were favoured, Brook Street Bureau rising 7 to 42p and Reed Executive 3 further to 56p. Bellair revived with a gain of 40 to 590p in a limited market. Fresh demand lifted Associated Heat 9 to 332p, while other firm spots included Wm. Baird, 5 up at 293p, Low and Bonar, 6 higher at 118p, and Unigroup, 3½ better at 49½.

Following good annual results, unlisted market security Adam Leisure advanced 8 to 87p. Pineapple Dance went ex the rights issue at 103p with the new nil-paid shares at 6p premium.

Lucas Industries attracted investment support in the wake of the cautiously optimistic tenor of the annual statement and closed 8 dearer at 142p. Dunlop added a penny more at 43p, while Dowty, down to 106p earlier, rallied to finish only a net penny off at 108p. Aerospace Engineering also eased the turn, to 75p; the chairman, Mr R. Mercado yesterday placed 2.3m shares, representing around 24 per cent of the equity, with various institutions at 70p per share. Among Distributors, British Car Auction added 4 at 225p following Mr David Wickins' annual statement.

Paper/Printings featured Ireland's Jefferson Smurfit, which improved 6 to 117p on speculative support. Wace, still buoyed by asset injection hopes, added 3 at 33p, while acquisition news lifted Bunzl a few pence to 383p. Advertising agency Geers Gross, on the other hand, remained a nervous market following last Friday's disappointing interim statement and gave up 3 for a three-day fall of 24 at 134p.

Properties missed out on the general market firmness. Most leading issues stayed at the overnight levels and it was left to secondary stocks to make headway. New Cavendish Estates gained 3 to 80p and Alfred Walker improved similarly to 62p, while Morland Securities hardened 2 to 77p. Trust Securities encountered profit-taking and, at 46p, gave up 3 of the previous three-day rise.

Textiles remained on an upward tack, although demand was again selective. Parkland A closed 5 better at 88p after having attained a 1983 peak of 89p in response to the sharply increased half-year earnings, while the mid-term profits recovery and resumed interim dividend lifted Sekers International 1½ to 21½p. Tomkinsons, preliminary results due on Friday, rose 5 to record a two-day gain of 15 at 180p. Fresh speculative interest in a restricted market prompted an advance of 30 to 230p in Harold Ingram.

Oils shares took a distinct turn for the better, underlying sentiment being helped by the overnight improvement on Wall Street and Middle East uncertainties. Shell rallied 10 to 556p and BP 6 to 410p. On rumours of an encouraging drilling report from the Leander number one well in the Perth basin of Western Australia, Weeks (Bermuda) rose 19 to 234p and Weeks Australia 13 to 248p, while Ultramar closed 8 higher at 640p. Among the other explorers, Atlantic Resources fell 15 to 695p.

Golds steadier

A steadier tone in precious metal prices and another firm performance by copper prices on the London Metal Exchange led to a minor rally in mining markets.

Golds made modest progress, helped by a marginally firmer bullion price which closed a net $1.75 higher at $376.375 an ounce.

Turnover in the sharemarket left much to be desired, however, with gains throughout the list reflecting an improvement in sentiment rather than any substantial increase in buying interest.

Features among the heavyweights were few and far between, with the leaders showing gains to ⅛, as in Randfontein, £79, Hartebeest, £41½, and Free State Geduld, £21. President Steyn and St Helena improved ⅛ apiece to £24⅛ and £19⅛ respectively.

In the cheaper-priced issues, East Daggafontein moved up 8 to 282p, but Grootvlei remained under pressure and dipped 17 more to 800p.

South African Financials were mixed. "Johnnies" rallied a full point to £76 and De Beers hardened 7 to 500p, but renewed weakness was evident in Middle Wits, 45 cheaper at 905p.

Anglo American Corporation eased ⅛ to £13⅛ ahead of tomorrow's interim results.

London Financials staged a good rally, boosted by firmer copper—up for the third successive trading session on the LME—and an improved performance by UK equities.

Rio Tinto-Zinc and Gold Fields put on 6 apiece, to 562p, and 472p respectively, while Charter Consolidated added 7 at 232p. Hampton Areas held at 192p; the special meeting to approve the recent share placement takes place in London tomorrow.

Australian mining issues remained almost devoid of interest despite the improved tone of metal prices. The leaders rarely moved by more than a couple of pence either way while the recent speculative favourites showed falls of 1½ common to Sons of Gwalia, 39p, and York Resources, 28½p.

Volume in Traded Options increased slightly and 2,501 contracts were done—1,804 calls and 697 puts. Lonrho were to the fore with 597 calls transacted, with the February 110 series accounting for 285.

FINANCIAL TIMES STOCK INDICES

	Nov. 22	Nov. 21	Nov. 18	Nov. 17	Nov. 16	Nov. 10	year ago
Government Secs.	83.46	83.25	83.15	83.14	83.52	83.37	81.08
Fixed Interest	86.17	86.00	85.77	85.69	85.87	86.72	84.02
Industrial Ord.	725.7	718.8	721.4	721.8	722.8	727.1	614.1
Gold Mines	479.2	477.8	496.3	495.0	521.0	524.3	400.4
Ord. Div. Yield	4.61	4.65	4.72	4.72	4.73	4.71	4.85
Earnings, Yld.% (full)	9.71	9.79	9.42	9.40	9.41	9.38	10.58
P/E Ratio (net) (*)	12.57	12.46	16.26	19.29	19.27	13.32	11.58
Total bargains	20,016	20,604	17,902	19,194	19,643	19,169	25,183
Equity turnover £m.	—	196.35	249.31	308.34	239.70	248.64	172.49
Equity bargains	—	16,035	15,981	17,066	17,292	18,842	17,767
Shares traded (ml)	—	119.9	144.0	159.0	150.5	143.8	132.7

10 am 721.6. 11 am 721.3. Noon 722.4. 1 pm 723.1. 2 pm 723.1. 3 pm 724.1.

Basis 100 Govt. Secs. 12/1/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/1/58. SE Activity 1974.

Latest Index 01-246 8026.

Nil = 11.23.

HIGHS AND LOWS

	1983 High	1983 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	83.70 (11/11)	77.00 (24/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	86.17 (22/11)	79.05 (1/2)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	740.4 (22/8)	598.4 (12/1)	740.4 (22/8/83)	49.4 (26/6/40)
Gold Mines	734.7 (15/2)	444.6 (1/11)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	Nov. 21	Nov. 18
—Daily Gilt Edged Bargains	158.7	147.2
Equities Bargains	103.9	103.2
Value	696.9	503.9
5-day Avrge Gilt-Edged Bargains	158.8	158.7
Equities Bargains	110.3	116.8
Value	498.9	524.8

NEW HIGHS AND LOWS FOR 1983

NEW HIGHS (83)

BRITISH FUNDS (3)
Exchqr. 10pc 1989; Treas. 9½pc 1999; Treas. 12½pc 1993

INT. BK. & O'SEAS GOVT. STLG. ISS. (3)
Aust. 11½pc 2010; Sweden 11½pc Ln. 2010; Euro. Inv. Bk. 11pc Ln. 2002

CORPORATION LOANS (1)
G.L.C. 6½pc '90-92

FOREIGN BONDS (1)
Iceland 9½pc '81-88

AMERICANS (4)
Amer. Nat. Res.; Honeywell; Dana Corp.; Woolworth

BANKS (6)
Bank Leumi (UK); Schroders; Brown Shipley; Union Discount; Joseph (Leopold); Utd. Leasing; Mercury Secs.; Westpac

CHEMICALS (1)
ICI

STORES (2)
Stirling Group; Woolworth

ELECTRICALS (3)
Atlantic Computers; Thorn EMI; Feedback

ENGINEERING (2)
Black & Decker; Spear & Jackson

HOTELS (5)
Epicure; Prince of Wales; Mt. Charlotte Invs.; Stakis; Norfolk Capital

INDUSTRIALS (15)
Brook St. Bureau; Rank Org.; Copydex; Reed Executive; Emhart Corp.; Royal Worcester; Francis Inds.; Wedgwood; Grampian Hldgs.; West's Group Int.; Halma; Whitecroft; Intereurope Tech Serv; Wolv. Steam Laundry; Metal Box

INSURANCE (1)
American Gen. Corp.

LEISURE (1)
HTV N V

MOTORS (2)
Gen. Motor Units; Honda Motor

NEWSPAPERS (2)
Bristol Eve. Post; News Int. Spec. Div.

PAPER (1)
Ferry Pickering

PROPERTY (1)
Churchbury Ests.

SHIPPING (1)
Brit. & Com'wealth

SHOES (2)
FII; Stylo

TEXTILES (3)
Parkland A; Sirdar; S.E.E.T.

TRUSTS (19)
Anglo Scottish; Drayton Cons.; Archimedes Inc.; Fundinvest Cap.; Baillie Gifford Japan; Gen. Investors; Bankers Inv.; Japan Assets; Border & Southern; Leda Inv. Cap.; Caledonia Invs.; Raeburn; Fleming Am. 7pc Cnv. Uns. Ln. '99; Stckhldrs. Far East; Fleming Japanese; Trialevest Cap.; Do. B; Investment Co.; M. & G. Group

OVERSEAS TRADERS (1)
Boustead

PLANTATIONS (1)
Williamson Tea

NEW LOWS (14)

BREWERS (1)
Morland

BUILDINGS (2)
Leyland Paint; Lilley (F. J. C.)

ELECTRICALS (1)
U.E.I.

ENGINEERING (2)
Howden Group; 600 Group

FOODS (2)
Alpine Soft Drinks; Carrow Milling

INDUSTRIALS (1)
Airship Inds.

PAPER (1)
Geers Gross

PROPERTY (1)
County Props.

OILS (1)
Palliser Internal.

MINES (2)
Zambia Copper; Admiral Mines

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	74	10	20
Corpns., Dom. and Foreign Bonds	16	3	58
Industrials	255	226	809
Financial & Props.	112	83	330
Oils	22	26	67
Plantations	6	3	11
Mines	33	33	89
Others	49	64	59
Totals	567	448	1,553

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1983. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. † Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. ● Figures or report awaited. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. ‡ Effective issue price after scrip. † Formerly dealt in under special rule. †† Dealt in under Rule 163 (3). ✠ Unlisted Securities Market. *Comprising of 10 New ordinary plus 1 Series B Warrant.

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Nov 21	Dec 2	Feb 23	Mar 5
Dec 5	Dec 16	Mar 8	Mar 19
Dec 19	Jan 6	Mar 22	Apr 2

For rate indications see end of Share Information Service

Money was given for the call in Gestetner A, Rockware, Wolverhampton Steam Laundry, Trust Securities, Turner and Newall, Inter-City, Ramar Textiles, Lister, Burmah Oil, Rank Organisation, Premier Oil, Smith Brothers, Barker and Dobson, John Brown, Donald Macpherson, KCA International, Mnemos, Fitzwilton, Superdrug and Electronic Rentals. No puts were reported, but doubles were transacted in Burmah Oil and Smith Brothers.

Dalgety NZ

The merger of Dalgety New Zealand with Crown Consolidated—the terms of which were announced on August 8—has been declared unconditional.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Atlantic Comps New	412	+32
Blue Circle	425	+ 8
Burton	276	+ 4
Charter Cons	232	+ 7
Eagle Star	640	−10
Highland Elect	67	+ 3
Metal Box	288	+ 8
Phoenix Assur	366	− 7
Trust Secs	46	− 3
Utd Leasing	182	+17
Westland	137	−11
Woolworth	297	+14

MONDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Mon. close	Day's change
Wlvrhmptn Stm	17	93	+40
Akroyd Smithrs	16	550	—
Cornell	13	223	+20
GEC	13	190	− 6
Glaxo	13	740	+10
Comet	12	313	− 2
Eagle Star	12	650	− 2
Metal Box	12	280	+10
Nat West Bank	12	640	− 2
Smith Bros	12	79	− 4
Trust Secs	12	49	+ 5
Atlantic Comps New	11	380	+12
Bowater	11	220	− 6
P & O Dfd	11	248	− 9

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

	Equity groups & sub-sections	Tues Nov 22 1983 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon Nov 21 Index No.	Fri Nov 18 Index No.	Thur Nov 17 Index No.	Wed Nov 16 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (203)	[illegible]	+0.6	9.31	3.92	13.02	446.54	449.36	450.94	433.35	439.96
2	Building Materials (24)	[illegible]	+0.3	10.63	4.68	11.85	439.96	439.42	440.35	439.81	411.99
3	Contracting, Construction (29)	[illegible]	+0.2	13.63	5.24	9.16	682.13	678.84	679.21	679.40	738.13
4	Electricals (38)	[illegible]	+1.0	8.22	2.31	15.80	1634.15	1640.78	1647.50	1679.25	1740.80
5	Engineering, Contractors (10)	[illegible]	+0.2	14.18	6.71	8.94	413.43	413.40	412.80	412.70	473.00
6	Mechanical Engineering (59)	[illegible]	−0.4	12.43	5.81	9.94	194.90	194.22	194.73	192.92	208.21
8	Metals and Metal Forming (9)	[illegible]	+0.1	12.06	7.46	10.03	157.80	156.79	157.85	157.06	142.39
9	Motors (18)	[illegible]	+1.5	1.85	4.82	—	110.15	109.42	110.16	110.60	76.87
10	Other Industrial Materials (16)	[illegible]	+1.0	5.61	4.02	23.64	351.46	354.16	357.37	349.19	375.32
21	CONSUMER GROUP (198)	447.34	+0.2	10.44	4.42	11.75	446.20	445.25	445.40	447.12	466.07
22	Brewers and Distillers (23)	451.32	+0.8	12.58	5.09	9.88	447.74	445.66	443.51	448.86	429.02
25	Food Manufacturing (22)	351.60	—	15.16	5.75	8.06	351.54	353.37	352.89	352.43	338.22
26	Food Retailing (13)	1028.04	−0.5	7.60	2.73	17.28	1033.01	1029.00	1027.19	1030.66	884.93
27	Health and Household Products (9)	730.64	+0.6	6.18	2.93	19.15	726.42	727.19	727.58	723.75	712.49
29	Leisure (23)	583.45	+0.9	8.72	4.65	14.82	578.27	578.82	579.58	584.07	460.82
32	Newspapers, Publishing (15)	972.81	−0.3	8.93	4.89	13.45	975.60	977.56	970.01	963.23	564.35
33	Packaging and Paper (14)	205.23	—	10.56	4.04	11.52	205.17	201.63	199.76	198.35	137.54
34	Stores (47)	413.55	+0.1	8.24	3.73	16.55	413.22	411.41	413.52	415.52	384.15
35	Textiles (20)	227.40	+0.8	11.54	5.12	10.28	225.58	225.74	225.99	226.70	175.83
36	Tobaccos (3)	453.50	−0.8	21.97	7.01	5.10	457.38	455.42	457.59	464.71	447.37
39	Other Consumer (9)	443.82	—	5.91	4.71	—	443.75	443.18	443.06	440.09	336.52
41	OTHER GROUPS (84)	403.65	+0.5	8.18	4.30	15.39	402.40	402.32	401.64	398.23	282.61
42	Chemicals (13)	579.21	+0.3	7.81	4.38	16.77	576.24	573.54	575.31	569.39	382.04
44	Office Equipment (6)	114.34	+0.7	8.42	4.58	14.81	113.57	114.25	111.55	111.49	88.65
45	Shipping and Transport (14)	787.38	−0.3	8.06	5.15	16.76	790.12	800.00	794.55	792.53	544.19
46	Miscellaneous (49)	523.65	+0.1	8.52	4.01	14.18	523.00	522.65	521.33	516.61	384.70
49	INDUSTRIAL GROUP (485)	446.06	+0.3	9.72	4.24	12.86	444.55	444.98	445.36	446.41	400.73
51	Oils (15)	938.49	+1.5	12.00	6.35	10.12	925.00	923.53	935.98	947.09	789.80
59	500 SHARE INDEX	487.29	+0.5	10.09	4.59	12.31	484.76	484.95	486.43	488.34	426.38
61	FINANCIAL GROUP (124) ●	351.98	−0.6	—	5.47	—	354.17	354.72	353.24	351.58	262.04
62	Banks (6)	366.08	−0.6	23.45	6.97	4.65	368.33	369.62	364.39	361.90	273.02
63	Discount Houses (8)	341.46	+1.2	—	7.99	—	337.29	336.00	338.57	339.73	298.48
65	Insurance (Life) (9)	470.20	−0.9	—	4.79	—	474.29	478.59	479.02	482.75	354.25
66	Insurance (Composite) (10)	243.25	−1.1	—	6.31	—	246.04	246.65	243.73	245.91	173.65
67	Insurance Brokers (7)	600.69	−0.9	11.30	4.04	12.12	606.24	609.09	621.54	634.70	497.69
68	Merchant Banks (12)	213.45	+0.5	—	4.41	—	212.39	211.12	211.38	211.65	153.21
69	Property (54)	506.03	−0.3	5.81	3.76	22.98	507.67	504.61	501.05	495.84	380.70
70	Other Financial (18) ●	253.08	−0.4	11.00	5.33	10.96	253.97	254.57	254.21	250.31	179.54
71	Investment Trusts (108)	452.63	+0.3	—	3.94	—	451.49	450.72	452.98	451.74	346.10
81	Mining Finance (4)	267.71	+1.3	10.36	5.45	11.82	264.29	266.83	264.68	271.11	271.52
91	Overseas Traders (14)	476.36	—	7.75	8.00	18.04	476.34	472.34	469.90	468.76	368.35
99	ALL-SHARE INDEX (750) ●	453.38	+0.3	—	4.75	—	451.92	452.18	452.97	453.98	382.29

FIXED INTEREST

	PRICE INDICES	Tues Nov 22	Day's change %	Mon Nov 21	xd adj. today	xd adj. 1983 to date
	British Government					
1	5 years	117.86	+0.12	117.72	—	10.38
2	5-15 years	133.80	+0.25	133.47	—	12.04
3	Over 15 years	144.49	+0.51	143.76	—	12.54
4	Irredeemables	152.50	+0.16	152.25	—	13.30
5	All Stocks	131.71	+0.26	131.36	—	11.65
6	Debentures and Loans	108.07	+0.31	107.74	—	9.92
7	Preference	80.66	+0.30	80.42	—	6.38

	AVERAGE GROSS REDEMPTION YIELDS		Tues Nov 22	Mon Nov 21	Year ago (approx)
	British Government				
1	Low Coupons	5 years	9.59	9.62	8.59
2		15 years	9.62	9.69	10.82
3		25 years	9.61	9.65	10.26
4	Medium Coupons	5 years	10.04	10.07	10.89
5		15 years	10.44	10.48	11.28
6		25 years	9.91	10.00	10.76
7	High Coupons	5 years	10.96	11.00	10.94
8		15 years	10.64	10.69	11.46
9		25 years	10.04	10.09	10.91
10	Irredeemables †		9.60	9.62	10.23
11	Debs & Loans	5 years	11.47	11.51	11.80
12		15 years	11.46	11.51	11.85
13		25 years	11.46	11.51	11.89
14	Preference †		12.15	12.19	12.92

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

● Corrected figures for 21/11/1983.

EUROPEAN OPTIONS EXCHANGE

Series		Feb. Vol.	Feb. Last	May Vol.	May Last	Aug. Vol.	Aug. Last	Stock
GOLD C	$375	10	16	31	29	—	—	$376.75
GOLD C	$400	58	6.00	35	[illegible]	[illegible]	[illegible]	
GOLD C	$425	4	3.50	—	[illegible]	[illegible]	[illegible]	
GOLD C	$450	20	1.50	—	[illegible]	[illegible]	[illegible]	
GOLD P	$350	—	—	108	5.60	[illegible]	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOTAL VOLUME IN CONTRACTS: 10,218

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option	Calls Jan.	Calls Apr.	Calls July	Puts Jan.	Puts Apr.	Puts July
Brit. Petroleum (*409)						
390	34	40	48	8	16	29
420	10	24	36	28	34	44
460	5	11	16	64	64	70
Cons. Goldfields (*469)						
460	46	64	77	20	33	43
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option	Calls Nov.	Calls Feb.	Calls May	Puts Nov.	Puts Feb.	Puts May
Imperial Group (*135)						
110	27	28	31	0¼	1½	2
120	17	20	22	0½	2½	4
130	6	11	14	0¾	6	7
140	1¼	6½	6½	5	9	11
LASMO (*266)						
300	1	12	22	48	55	55
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Nov. 22. Total Contracts 2,501. Calls 1,804. Puts 697
* Underlying security price.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1983 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
99¾	96¼	Funding 5½pc '82-84‡‡	99⅝	......	5.53	9.48
101¼	99½	Exch. 11½pc 1984	100⅜	–⅛	11.31	9.60
104⅜	100⅝	Exchequer 14pc 1984	102⅜xd	......	13.69	9.22
97	93¾	Exch. 3pc 1984	97xd	–⅛	3.09	8.63
102⅜	100⅜	Treasury 12pc 1985	102⅛	......	11.76	9.30
107⅜	104⅛	Treasury 15pc 1985	105⅜	......	14.22	10.21
107	101¼	Exch. 12pc Cnv. '85	102⅛	......	11.71	9.96
93⅞	88⅝	Treasury 3pc 1985	93¾xd	......	3.20	7.51
102½	96⅞	Treasury 11½pc 1985	102⅛	......	11.27	10.05
102	95	Treas 8½pcCnv '85	98⅛	+⅛	8.69	9.78
103¼	100⅛	Exch. 12¼pc 1985	103⅝	+⅛	11.82	10.19
102⅞	99⅛	Exch. 11½pc '86	102⅛	+⅛	11.44	10.32
102¾	97¼	Treas 10pc Cnv 1986	102⅜	+⅛	9.77	8.86
88⅛	85⅝	Treasury 3pc 1986	89¼	–⅛	3.39	7.96
101⅞	97⅜	Exch. 10½pc Cv '86	101⅜	+⅛	10.37	9.96
103⅞	100⅛	Treasury 12pc '86	103⅛xd	+⅛	11.62	10.55
96⅛	94½	Treasury 8¾pc '84-86‡‡	96⅜	+⅛	8.83	10.16
114	103¼	Treas. 12¼pc '86 Cnv	111¼	+⅛	11.01	7.46
109⅞	105⅛	Exch. 14pc 1986	108	+⅛	12.96	10.72
—	—	Exch 2½pc 1986●	£84½	......	12.96	8.46
107¾	103⅝	Exch. 13¼pc 1987	106⅛	+⅛	12.48	10.87
100⅛	95⅞	Treas 10¼pc Cnv '87	99⅞	+⅛	10.26	10.26
84⅞	80¼	Exchequer 2½pc 1987	82¼	–⅛	3.02	8.69
100⅛	95⅞	Exch. 10½pc 1987	99⅛	+⅛	10.55	10.63
93¼	88¼	Funding 6½pc '85-87‡‡	90½	+⅛	7.18	9.26
98⅞	96	Treas 10pc 1987	97⅜	–⅛	10.21	10.70
86	80¼	Treasury 3pc 1987	82¼	–⅛	3.64	8.79
104⅝	99⅞	Treas 12pc 1987	103⅝	+⅛	11.53	10.03
93¼	89⅝	Treasury 7¾pc '85-88‡‡	91⅝	+⅛	8.48	10.32
101½	95½	Exch 10½pc '88	99⅛	+⅛	10.56	10.66
61⅞	59⅛	Treas 9½pc CV'88 (£60pd)	61⅛	+⅛	9.98	10.35
81½	75¼	Transport 3pc '78-88	79	–⅛	3.80	0.62
96⅛	96⅛	Treas. 9½pc '88	95⅛	+⅛	9.96	10.70

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

1983 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
84¼	74¼	N.Z. 7¼pc 1988-92	84	......	8.92	10.60
94¼	88¼	Do. 7½pc '83-86	91½xd	......	8.14	11.09
181	158	S. Rhod. 2½pc Non-Ass.	180	......	—	—
86	74	Do. 3½pc 80-85 Asstd.	82	......	4.29	14.90
57	44	Do. 4½pc 87-92 Asstd.	54	......	8.43	14.20
395	321	Zimbabwe Ann (£100pa)	340	......	—	15.70

LOANS

Public Board and Ind.

1983 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
77½	71½	Agric. Mt. 5pc '59-89	74½	......	6.88	11.72
37¼	31¼	Met. Wtr. 3pc 'B'	27¼	......	0.19	10.94

LOANS—continued

Financial

Building Societies

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS, H.P. & LEASING

BANKS—Continued

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

ENGINEERING

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

1983 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
385	228	Johnston Grp. 10p	240xd		6.0	5.6	3.6	0.0
102	07	Jourdan (T.) 10p	94		5.6	1.2	8.5	13.0
64	39	Kalamazoo 10p	50	−1	1.33	1.0	9.5	8.5
60	35	Kean & Scott Hldgs	58		M1.0	—	2.1	—
23	9¼	Keep Trust 5p	12¾	+¼	$0.15	—	‡	—
210	140	Kelsey Inds.	185		0.0	1.7	6.2	12.7
155	110	Kershaw (A.) 5p	145		‡13.0	0.6	‡	(21.0)
80	39	Kleen-E-Ze Hldgs.	69		3.0	0.5	6.2	—
101	32	L.C.P. Hlds	85		3.6	1.5	6.2	(12.8)
32	14	LDH Group	26		—	—	—	♦
132	93	L.R.C. Int. 10p	113	+2	†h2.95	2.6	3.8	12.6
34	17	Lamont Hldgs. 10p	32		†1.3	1.8	5.8	12.6
41	26	Lawtex	40		—	—	—	♦
480	345	Lep Group 10p	445	+5	17.5	0.3	5.7	61.1
48	22	Lilleshall 10p	42	−1	d1.0	—	3.4	—
350	39	Lon. & Liv. 10p	40	−1	h2.75	3.1	9.9	3.6
135	97	London & Midl'd	110		7.75	1.1	10.1	12.3
*110½	38	Lon. & Nthn. Grp.	72½xd		F4.2	2.8	8.3	10.2
40	23	‡Lon. Prk. Health	26		—	—	—	13.0
65	46	Longton Inds.	63	+2	1.0	—	2.3	—
120	78	Low & Bonar 50p	118	+6	†5.0	2.8	6.1	(6.6)
48	32½	MCD Group	45		u1.0	2.2	3.2	20.5
92	62	MBT Computing 5p	90	−2	b1.68	2.6	2.7	21.0
26	16	M.Y. Dart 10p	21		20.25	—	1.7	—
212	134	McCarthy Ph. 20p	144		7.0	2.7	6.9	6.8
148	128	Macfarlane Gp.	132		†3.32	2.1	3.8	16.1
46	33	Maclellan 20p	34		d1.5	1.6	6.3	12.2
63	31	Macpherson (D.)	32	+1	4.2	0.6	12.8	(38.9)
56	41	Magnolia Group	52	−2	2.3	3.2	6.3	6.1
180	65	Man. Ship Can. £1	142		3.5	6.8	3.6	4.3
77	48	Marley	73		†2.5	0.5	4.9	(49.9)
45½	30½	Marling Ind. 10p	41½	+½	1.08	1.7	3.7	(18.7)
34	25	Marshall L'xy. 'A'	26		†1.2	—	‡	—
68	44	Marshall's Univ	54		[illegible]			

INSURANCES

LEISURE

LEISURE—Continued

1983 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
100	40	Black & Edgtn.	84	+4	♦	—	[illegible]
178	118	Boosey & Hawkes	158		†2.3	1.5	[illegible]
61	32	Campari Int. 20p	38	−3	‡d2.73	1.2	[illegible]
170	160	‡Central TV N Vtg 50p	168		—	—	[illegible]
36	23	Fairline Boats 10p	36		†d1.0	—	[illegible]
40½	14½	GRA Group 5p	40		—	—	[illegible]
68	45	Grampian TVA 10p	68		†3.6	2.9	[illegible]
187	136	HTV Non-Vtg.	187	+1	11.0	2.2	[illegible]
222	118	Horizon	127	+2	†3.6	5.7	[illegible]
162	91	Intasun 10p	144	+1	4.0	4.5	[illegible]
60	22	‡Intervision Video 10p	25xd		1.0	♦	[illegible]
380	258	Juliana's Hldgs 2p	375		b4.9	2.4	[illegible]
185	139	LWT "A"	179xd	−1	11.08	♦	[illegible]
*147	55	Leisuretime Int 10p	55		g1.54	♦	[illegible]
132	108	Mngmt. Ag. M. 10p	111		0.75	1.6	[illegible]
72	52	Medminster 10p	71½	+1½	4.4	♦	[illegible]
170	110	‡Mrs. World Gp 10p	155		b3.0	2.5	[illegible]
23	17½	‡Nationwide 5p	20		—	—	[illegible]
128	31	‡Nimslo Int 20c	32	−1	—	—	[illegible]
128	45½	Norton Opax 10p	113		t2.17	4.3	[illegible]
30	22½	‡Owners Abroad	27¼		0.5	4.5	[illegible]
47	36	Photax (Lon.)	38		—	—	[illegible]
*147	84	‡Pineapple Dance St 10p	103xr	+1	g1.5	♦	[illegible]
363	217½	Pleasurama 5p	358		t5.75	4.5	[illegible]
173	108	‡Radio City 'A' NV	145	+5	d5.6	1.6	[illegible]
209	138	Riley Leisure 10p	178		†3.95	1.7	[illegible]
132	83	Saga Hols. 20p	105	−2	d3.73	—	[illegible]
515	345	Samuelson Grp £1	395	+5	td12.0	2.8	[illegible]
110	94	Scott. TV 'A' 10p	109	−1	7.35	2.2	[illegible]
68	28	‡SelecTV 10p	42		—	—	[illegible]
24	15½	TSW 5p	23½		1.2	♦	[illegible]
77	30	‡TVS N/Vtg 10p	77		—	—	[illegible]
29	19	‡Television Servs 2p	18½	−½	b0.2	3.3	[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—continued

Australians

Tins

Miscellaneous

1983 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
170	22	Admiral Mines	22	−3	—	—	—
90	34	♥Anglo-Dominion	70		—	—	—
93	54	♥Anglo Utd. Dev.	60	−3	—	—	—
172	60	♥Colby Res Corp.	115		—	—	—
570	315	Cons. Murch. 10c.	560	−10	±Q60c	1.9	‡
240	170	Hampton Areas 10p	192		3.75	2.1	2.6
215	103	♥Highwood Res.	138	−5	—	—	—
£24½	£17½	Homestake Mining $1	£18⅜	−½	Q20c	—	0.7
495	275	Northgate C$1	290	+10	—	—	—
672	437	R.T.Z.	562	+6	±17.0	2.9	4.3
£147½	£108	Do 9½% Cv. Uns Ln. '95-2000	£125½	+½	Q9½%	32.5	7.8
190	11	♥Sabina Inds C$1	62	−3	—	—	—
750	312	♥Tara Exptn $1	712	−15	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Principal and interest tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK Listed; dealings permitted under Rule 163(4)(a).
- ✦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(3).
- ø Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- ♦ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- n No par value.

B.Fr. Belgian Francs. Fr. French Francs. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Issue price. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or other official estimates for 1982-83. M Dividend and yield based on prospectus or other official estimates for 1982. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xf ex capital distribution.

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv. 20p	62	....	Fin. 13% 97/02	£96½	+¼

OPTIONS

3-month Call Rates

Barclays Bank	45	Legal & Gen.	45	Brit. Land	8½
Beecham	32	Lex Service	32	Cap. Counties	14
Blue Circle	45	Lloyds Bank	40	Land Sec.	28
Boots	16	"Lots"	4	MEPC	20
Bowaters	22	London Brick	10	Peachey	16
Brit. Aerospace	19	Lucas Inds.	15	Samuel Props.	13
B.A.T.	14	"Mams"	14	Town & City	4
Brown (J.)	3½	Mrks. & Spncr.	20	**Oils**	
Burton Ord.	35	Midland Bank	40	Brit. Petroleum	38
Cadburys	11	N.E.I.	10	Burmah Oil	17
Courtaulds	10	Nat. West. Bank	55	Charterhall	9
Debenhams	14	P & O Dfd.	21	KCA	6
Distillers	20	Plessey	19	Premier	6
Dunlop	6	Racal Elect.	20	Shell	55
Eagle Star	45	R.H.M.	7	Tricentrol	22
F.N.F.C.	5½	Rank Org. Ord.	28	Ultramar	65
Gen. Accident	42	Reed Intnl.	32	**Mines**	
Gen. Electric	10	Sears	8	Charter Cons.	28
Glaxo	75	T.I.	13	Cons. Gold	58
Grand Met.	30	Tesco	17	Lonrho	9
G.U.S. 'A'	50	Thorn EMI	55	Rio T. Zinc	62
Guardian	45	Trusthouse	16		
G.K.N.	16	Turner & Newall	7		
Hawker Sidd.	28	Unilever	70		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 35

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

Authorised Units—continued

Guardian Royal Ex Unit Mngrs Ltd (a)
Royal Exchange EC3V 3LS. 01-638 2020

Gilt & Fixed	117.5	122.1	+0.7	0.54
Growth Eq	100.3	107.9xd	−0.1	2.51
Guardhill	162.5	169.1	−0.1	3.35
Nth Amer	98.1	104.4xd	+0.7	1.72
Pacific	105.6	113.6xd	+0.2	0.37
Prop Shares	105.4	113.4xd	−0.4	2.04
Small Cos	109.1	117.4xd	....	2.05

H.&.L. Unit Trust Mngrs Ltd (a) (c) (g)
Premier N7 Admin, 5 Rayleigh Rd, Hutton, Brentwood, Essex. 0277-227300

Smllr Cos Tst	52.6	56.0	+0.2	3.20
Nth Amer	47.9	51.0xd	+0.2	2.04
Japan Far Tst	54.1	57.5xd	+0.1	0.60
Scandinvn Tst	47.4	50.4	+0.1	1.49

Offshore and Overseas—continued

Insurances—continued

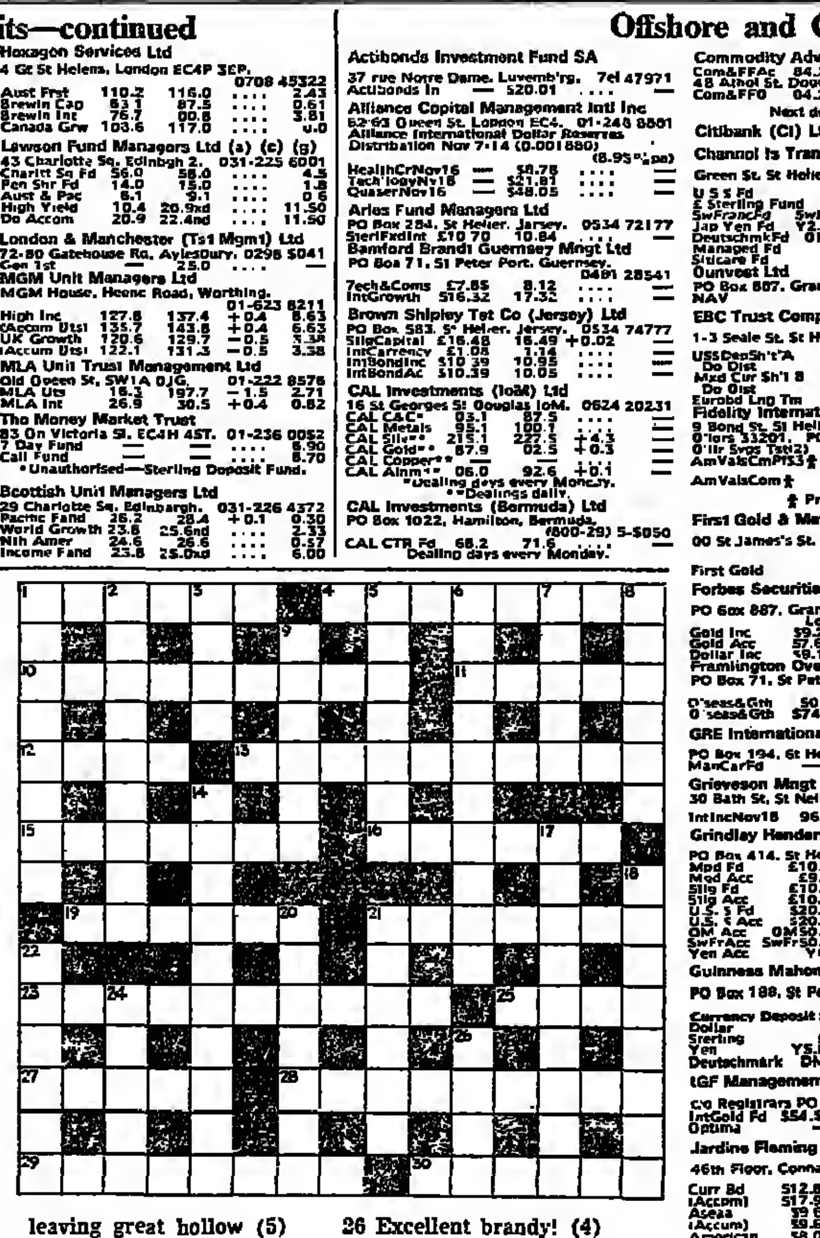
Save & Prosper Group
4 Gt St Helens, London EC3P 3EP. 0708 66966

DepPenFd*	188.2	198.2		—
Gilt Pen Fd	190.7	201.6	+0.8	—
GlobalEqPen	57.1	60.5	+0.2	—

Windsor Life Assurance Co Ltd
Royal Albert Hse, Sheet St, Windsor 68144

N Amer Fd	200.1	210.6	+6.3	—
FutAssGth	75.0(A)	85.0(B)	....	—
FutAssPen	—	61.00	....	—
Far East Fd	127.4	134.1	+2.0	—

F.T. CROSSWORD PUZZLE No. 5,276



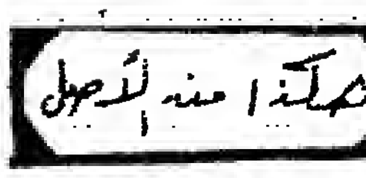
ACROSS

1 Finish of these foreign vessels was influenced by English bowls (6)
4 Unusual patching in bed-wear (8)
10 One presents pieces after Browning (5-4)
11 Approaches listener between points (5)
12 Wanting in caution, skin trouble appears (4)
13 Simple diet ordered for thirty in town, perhaps (5-5)
15 Aspire, say, to what seems exhorbitant to the French (7)
16 Liable to vary (6)
19 Gloucestershire's extra cover? (6)
21 Country girl in Reading (7)
23 Not good at mixing tonics, inter alia (10)
25 Field of study in Poplar East (4)
27 Doctrine of party having Mag to make changes (5)
28 Doodlers who employ drones? (9)
29 Round tower, more tall in design (8)
30 Main Anglo-French delivery? (6)

DOWN

1 This starred character rates ski-jumping (8)
2 Statesmen ordered examination of private resources (5-4)
3 Tax on goods and service (4)
5 Source of material for writers (7)
6 Show this moustache, as good licensee does? (10)
7 Upset stomach to go away—leaving great hollow (5)
8 Solid split-pea made tender in Spain (6)
9 Mottled, dead fruit (6)
14 Is *HMS Pinafore* presented on it? (5-5)
17 Ray's great concentration? (5-4)
18 Nel races round for a detergent (8)
20 Sound measure to make head of carrot edible (7)
21 Wizard crashes? (6)
22 Lady Wheeler's wedding conveyance (6)
24 Formidable opponent of fearfully symmetrical lines? (5)
26 Excellent brandy! (4)

Solution to Puzzle No. 5,275



بمكتبة منه الأصول

INSURANCE & OVERSEAS MANAGED FUNDS

Black Horse Life Ass. Co. Ltd.
71, Lombard St., EC3. 01-623 1288

Black Horse Man. Fd.	233.17		....	—
Managed Inv. Fd.	154.86	165.12	....	—
Property Fd.	151.46	159.40	....	—
Fixed Interest Fd.	146.09	153.78	....	—
Cash Fd.	136.60	143.65	....	—
Income Fd.	168.36	177.25	....	—
Extra Income Fd.	160.75	169.22	....	—
Worldwide Growth Fd.	229.35	230.90	....	—
Balanced Fd.	167.80	176.64	....	—
Smlr. Co's & Recy. Fd	198.34	208.79	....	—
Int. Technology Fd	250.82	264.03	....	—
Nth. Amer. & Gen. Fd.	157.88	166.19	....	—
Energy Int. Fd.	180.47	195.76	....	—
Pacific Basin Fund	135.41	142.54	....	—

British National Life Assurance Co. Ltd.
Harlands Rd, Haywards Heath. 0444 414111

Managed	112.4	118.3	....	—
Property	113.1	119.0	....	—
Equity	115.2	121.3	....	—
International	125.2	131.8	....	—
Fixed Interest	102.7	108.1	....	—
Deposit	99.7	104.9	....	—
Managed Pen. Cap.	112.4	118.4	....	—
Property Pens. Cap.	113.5	119.4	....	—
Equity Pens. Cap.	109.7	115.5	....	—
Intl. Pens. Cap.	128.9	135.7	....	—
Fixed Int. Pens. Cap.	100.4	105.7	....	—
Deposit Pens. Cap.	97.4	102.6	....	—

Canada Life Group
2-6, High St., Potters Bar, Herts. P. Bar 51122

Equity Gth Nov 2	97.5		....	—
Retmt. Fed. Aug 6	255.4		....	—
Managed Pen Fund	184.4	194.3	....	—
Property Pen Fund	114.5	120.5	....	—
Index Lnkd Pen Fund	113.4	119.4	....	—
Managed	122.0	128.5	+0.2	—
Property	104.2	109.7	....	—
Gilt and Fixed Interest	108.7	114.5	+0.3	—
Index-Linked	98.5	103.7	....	—
Equity	119.9	126.3	+0.3	—
Cash	104.4	109.9	....	—
Midland Bk. Unit Tst.	118.4	124.7	+0.1	—
Midland Bank Intnl.	139.4	146.8	....	—

Cannon Assurance Ltd.
1 Olympic Way, Wembley HA9 0NB. 01-902 8876

Equity Units	£38.11	—	[illegible]	—
Property Units	£17.31	[illegible]	[illegible]	—
Equity Bond/Exec	£24.78	[illegible]	+0.06	—
Prop. Bond/Exec	£22.62	[illegible]	[illegible]	—
Bal. Bd./Exec/Unit	£23.51	[illegible]	[illegible]	—
2nd Equity Acc	193.3	[illegible]	[illegible]	—
2nd High Inc/Acc	151.2	[illegible]	[illegible]	—
2nd Property Acc	172.7	[illegible]	[illegible]	—
2nd Managed Acc	170.4	[illegible]	+0	—
2nd Deposit Acc	145.2	[illegible]	[illegible]	—
2nd Gilt Acc	144.5	[illegible]	[illegible]	—
2nd American Acc	189.8	[illegible]	[illegible]	—
2nd Intl Money Acc	142.2	[illegible]	+0	—
2nd Index Acc	99.8	[illegible]	[illegible]	—
2nd Far East Acc	94.2	[illegible]	[illegible]	—
2nd Eq. Pens./Acc	270.2	[illegible]	[illegible]	—
2nd Hi Inc. Pens/Acc	159.5	[illegible]	[illegible]	—
2nd Prp. Pens/Acc	221.3	[illegible]	[illegible]	—
2nd Mgd. Pens/Acc	217.9	[illegible]	[illegible]	—
2nd Dep. Pens/Acc	190.8	[illegible]	[illegible]	—
Gilt Pens/Acc	188.6	[illegible]	[illegible]	—
2nd Am. Pens/Acc	251.0	[illegible]	[illegible]	—

G.T. Management Ltd.
16 Finsbury Circus, Lond. EC2M 7DJ. 01-628 8131

G.T. Plan Bond Fund	123.9	130.5	+0.2	—
GT Pln High Yld Fnd.	121.9	128.4	+1.2	—
GT Plan Far East Fnd	115.4	121.5	+0.2	—
GT Plan N. Am Fd	140.2	147.6	+3.6	—
GT Pln UK&G.E. Fnd	136.7	143.9	+0.2	—
GT Pln Wrldwde Fnd	134.1	141.2	-0.9	—
GT Pension Bnd Fnd	135.9	142.1	+0.6	—
GT Pen High Yld Fd	138.3	145.6	+1.6	—
GT Pen Far East Fd	140.6	148.0	+0.3	—
GT Pen N. Am. Fd	205.3	216.2	+7.6	—
GT Pen UK & G.E. Fd	157.9	166.3	+1.3	—
GT Pen Worldwide Fd.	142.7	150.3	+1.1	—

Prices for Accum. Units only.

Assicurazioni GENERALI S.p.A.
117, Fenchurch St., EC3M 5DY. 01-488 0733

Intl. Managed Bond	166.9	175.7	....	—

General Portfolio Life Ins. C. Ltd.
Crossbrook St., Cheshunt, Herts. Waltham X 31971

Portfolio Fd. Acc.	253.5	....	—
Portfolio Fd. Inl.	207.1	....	—

See adjacent page Mon-Fri and Stock Exchange Dealings page Sat

Gresham Unit Ass. Ltd.
2-6, Prince of Wales Rd. B'mouth. 0202 767655

Managed Fd	274.4	289.3	....	—
Money Fd	155.8	164.0	....	—
Equity Fd	233.5	246.2	....	—
Fixed Int. Fd	124.5	125.9	....	—
Property Fd	172.1	181.9	....	—
Managed Pen. Fd.	254.0	267.3	-0.2	—
Equity Pension Fd	282.2	298.2	+2.5	—
Fixed Int. Pen. Fd	166.5	175.2	-0.3	—
High Yield Pen. Fd	163.8	172.6	-0.1	—
Money Pension Fd	128.8	135.6	+0.2	—
Property Pension Fd	127.3	134.1	....	—
Gresham/Framlington				
American & Gen. Fd.	256.5	270.3	+1.0	—
Income Fd	185.4	195.4	....	—
Int'l. Growth Fd	272.7	287.4	....	—
Capital Fund	195.4	205.9	+0.6	—
Recovery Fund	147.4	155.9	+0.4	—

Growth & Sec. Life Ass. Soc. Ltd.
48, London Fruit Exchange, E1 6EU 01-377 1122

Flexible Finance	£1,506	—	....	—
Landbank Secs.	65.56	—	....	—
Landbank Secs. Acc.	184.8	199.5	....	—
G. & S. Super Fd.	£11.307	—	....	—

Guardian Royal Exchange
Royal Exchange, EC3. 01-283 7101

Guardian Assurance				
Property Bonds	307.2	320.8	....	—
GRE Linked Assurance Ltd.				
Managed Initial	210.0	[illegible]	-0.3	—
Do. Accum	223.6	[illegible]	-0.3	—
Equity Initial	261.6	275.4	....	—
Do. Accum	[illegible]	[illegible]	....	—
Fixed Int. Initial	[illegible]	[illegible]	....	—
Do. Accum	220.9	[illegible]	+0.7	—
Intnl. Initial	218.7	[illegible]	+4.6	—
Do. Accum	243.3	[illegible]	+4.6	—
North American Initial	102.2	107.[illegible]	+1.2	—
Do. Accum	103.5	108.[illegible]	+1.2	—
Pacific Accum	96.7	104.[illegible]	+0.2	—

Property Growth Assur. Co. Ltd.
Leon House, Croydon CR9 1LU. 01-680 0606

Property Fund	289.2	....	—
Property Fund (A)	281.2	....	—
Agricultural Fund	1,127.0		—
Agric. Fund (A)	1,087.4		—
Abbey Nat. Fund	279.8	....	—
Abbey Nat. Fd. (A)	278.8	....	—
Investment Fund	139.1	....	—
Investment Fund (A)	136.1	....	—
Equity Fund	415.1	+0.4	—
Equity Fund (A)	407.5	+0.4	—
Money Fund	217.5	....	—
Money Fund (A)	203.5		—
Actuarial Fund	213.6		—
Gilt-edged Fund	195.4	+1.1	—
Gilt-Edged Fd. (A)	196.4	+1.1	—
Retire Annuity	354.0	....	—
Immed. Ann'ty.	191.5	....	—
International Fd.	261.6	....	—
Bldg. Soc. Life Fd.	105.2	....	—

Property Growth Pensions & Annuities Ltd.

All Wther Ac. Uts.	245.4	258.3	....	—
Inv. Fd. Uts.		268.6	....	—
Pension Fd. Uts.		254.6	....	—
Conv. Pens. Fd.		294.6	....	—
Cnv. Pns. Cap. Ut.		220.0	....	—
Man. Pens. Fd.		333.5	....	—
Man. Pens. Cap. Ut.		254.5	....	—
Prop. Pens. Fd.		283.2	....	—
Prop Pens Cap.Uts.		214.1	....	—
Bldg. Soc. Pen. Ut.		256.0	....	—
Bldg. Soc. Cap. Ut.		196.4	....	—
Gilts Pens Fd.		175.1	+1.1	—
Gilts Pens. Fd. Cap.		152.7	+0.9	—
Equity Pens. Fd.		254.4	+0.4	—
Equity Pens. Fd. Cap.		222.4	+0.4	—

Standard Life Assurance Company
3 George St., Edinburgh EH2 2XZ. 031-225 2552

Managed	202.3	213.0	+1.2	—
Property	152.4	161.0	....	—
Equity	231.8	244.0	+1.7	—
International	207.8	218.8	+1.2	—
Fixed Interest	171.6	180.6	+0.9	—
Index Linked	98.6	103.8	-0.1	—
Cash	131.4	138.4	....	—
Pension Managed	237.1	249.6	+0.7	—
Pension Property	155.7	163.9	....	—
Pension Equity	271.4	287.8	-0.3	—
Pension Intl	250.8	263.2	+2.4	—
Pension Fxd. Int	182.5	192.2	+1.1	—
Pension Index Linked	99.4	104.7	-0.1	—
Pension Cash	148.5	156.4	+0.1	—

Sun Alliance Insurance Group
Sun Alliance House, Horsham. 0403 64141

		Series (2)		
Index Linked Fund	110.3	116.2	-0.2	115.9
Equity Fund	290.7	306.0	....	291.1
Fixed Interest Fund	204.4	215.2	+0.4	204.7
Property Fund	214.1	225.4	....	214.4
International Fd.	186.8	196.7	+1.5	187.3
Deposit Fund	144.6	152.3	....	144.8
Managed Fund	241.4	254.2	+1.0	241.7
Int Bond Nov 22				£22.24

Series (2) Prices are for policies issued after 1.1.1982. Series (1) These are bid prices for earlier policies.

Individual Pension Funds

Index Linked	128.7	135.5	-0.2	—
Equity	145.0	152.7	+0.2	—
Fixed Int.	168.5	177.4	+0.9	—
Property	109.7	115.5	+0.1	—
International	157.4	165.7	+1.3	—
Deposit	113.7	119.7	+0.3	—
Managed	151.1	159.1	+0.7	—

*Group Pension funds—Prices available on request.

Barclays Unicorn International
1, Charing Cross, St. Helier, Jersey. 0534 73741

Unigilt Trust	46.6	48.5		10.80
Unidollar Trust	$15.99	17.17		1.30
Unibond Trust	$89.97	90.67		10.50

1, Thomas St. Douglas, Isle of Man 0624 23252

Uni-Australian Tst.	77.2	83.1		1.30
Uni-Acc. Mnrls. Ts.	68.1	73.3	-0.5	1.50
Uni-Pacific Trust	165.1	177.6		—
Uni-International Tst.	70.2	75.6		1.5

Bishopsgate Commodity Ser. Ltd.
P.O. Box 42, Douglas, I.o.M. 0624-23911

ARMAC** Nov 7	$57.09	61.60		
COUNT** Nov 7	£3.772	4.002		3.312
CANRHO** Nov 7	£2.514	2.664		—

Original issue *$10 and **£1. Next sub. December 5

Bridge Management Ltd.
GPO Box 590, Hong Kong

N'Gaan Oct 31	Y42,400	43,500		42,400
Nippon Fd Nov 16	$28.99	30.27		0.89

Britannia Intl. Investment Magmt. Ltd.
Box 271, Queensway House, Queen Street, St. Helier, Jersey, C.I. 0534-73114

U.S. Dollar Denominated Funds

AmSmallerCos. Fd	$2.263	2.369	-0.009	—
Dollar Inc Fd.	$0.822	0.879		11.00
S Mngd Curr'cy Fd	$9.55	10.00	+0.03	5.60
First Intnl.	$21.18	22.37	-0.12	—
Gold Fund	$0.856	0.736	+0.027	5.65
Normandie In $Fd	$12.19	13.00	+0.43	—
Universal Growth Fd	$0.905	0.973	-0.008	—
World of Tech.	$0.862	0.924	+0.002	—

*New dealings Nov 7

Sterling Denominated Funds

American Invests.	124.5	131.0	+0.3	—
Australian Perf Fd	82.1	87.3	-1.2	—
Far East Fund	100.3	107.8	-0.5	1.00

Providence Capitol Life Assc. Co. Ltd.
30 Uxbridge Road, W12 8PG. 01-749 9111

Sun Life of Canada (UK) Ltd.

OFFSHORE AND OVERSEAS

NOTES

COMMODITIES AND AGRICULTURE

Norwegian fishing quota agreed

By Faye Gjester in Oslo

NORWEGIAN fishing ministry officials say they are well satisfied—"under the circumstances"—with the catch quotas fixed by the 1984 Norwegian-Russian fisheries agreement negotiated in Moscow last week.

The agreement, which regulates exploitation of fish stocks shared between the two countries, has cut the total catch quota for Arctic cod sharply — to 220,000 tonnes from 300,000 tonnes this year. But the Russians did not insist on halving the quota, to 150,000 tonnes, as recommended by international marine biologists. Moreover, they have agreed to let Norway take 180,000 tonnes of the total quota — a larger proportion than the two thirds which it was allocated this year.

The 1984 Capelin quota has been fixed at 1.5m tonnes—500,000 tonnes less than this year's quota, but 400,000 tonnes more than the biologists recommended. Norway gets 60 per cent of the total—reflecting the fact that the Russians are more interested in fishing capelin than cod.

The agreement also allows the Russians to take 385,000 tonnes of blue whiting off the waters of the Norwegian coast, and around Jan Mayen (100,000 tonnes less than this year).

Quotas for other varieties of fish are about unchanged from this year.

Crude oil futures

TRADING VOLUME on the London crude oil futures market totalled 187 lots of 1,000 barrels, down from 224 lots on the opening day.

Prices opened a little higher, reflecting the early tone in gas oil futures, and remained steady. The May position closed 5 cents higher at $28.39 a barrel.

Malaysian group to join London Metal Exchange

BY JOHN EDWARDS, COMMODITIES EDITOR

MMC METALS, a subsidiary of the Malaysian Mining Corporation, has been elected a "ring dealing" member of the London Metal Exchange, it was announced yesterday.

The exchange said the membership had been approved by its board and management committee and would become effective from January 1, subject to the company meeting the usual conditions laid down.

It is believed to be the first time that a Malaysian controlled company has been elected as a "ring-dealing" member of the LME. The Malaysian Government has a major shareholding in Malaysian Mining Corporation through a state agency—Permodalan Nasional — so it will have a direct representation on the exchange.

Malaysia has been highly critical in the past of the London Metal Exchange's influence over tin prices and is planning to launch its own tin futures contract on the Kuala Lumpur Futures Exchange early next year.

It was claimed that the Malaysian Government and MMC were the prime movers behind the attempt in late 1979 and early 1980 to control the tin market by buying up available supplies forcing prices to record levels in February 1980. Prices subsequently collapsed when the mysterious group suddenly stopped buying and the market has been supported by the buffer stock of the International Tin Council ever since.

Malaysia Mining Corporation is by far the biggest tin-producing group in the world and should, therefore, have a considerable influence on the tin market in particlular.

MMC Metals said the company would probably not be fully operational until February since it still had to recruit traders and other personnel. Initially, trading would be concentrated on tin, but the company planned to move into other metal markets.

Meanwhile, copper prices advanced on the London Metal Exchange yesterday for the third consecutive day. The higher-grade cash price closed £16.5 higher at £960.5 a tonne.

The market was boosted by U.S. buying and a firmer trend in early dealing on the New York copper market. Leading U.S. copper producers yesterday announced increases in their domestic selling prices of 1 cent to 67 cents a pound.

Speculative interest has been encouraged by rumours of renewed Chinese buying.

Potato industry considers options in marketing

BY JOHN EDWARDS, COMMODITIES EDITOR

POSSIBLE changes in the UK potato regime, and the way the Potato Marketing Board operates, are to be discussed at a meeting in January, Mr Robin Pooley, board chairman, said yesterday.

Mr Pooley told a UK potato marketing conference in London that a series of options ranging from a system of totally free trade to the other extreme of total monopoly were being considered. After the January meeting, formal consultations would start leading no doubt to a public inquiry and a poll. If all went well, legislation would be put through in the autumn of next year to affect the 1985 crop.

Mr Pooley said the move to keep the guaranteed price for potatoes unchanged for six years could be taken as a sign of the Government's determination to diminish support levels in real terms. Asking the Potato Marketing Board to run a scheme that had not been inflation-adjusted for six years was like running a business with this year's costs but with 1978 market prices, he added. Disaster was inevitable.

It was unrealistic to suggest that in some magical way this or any government would guarantee potato growers a living wage for ever.

Talks start on bauxite levy

By Canute James in Kingston

THE Jamaican Government and the five North American companies mining and refining bauxite on the island have started negotiations on a controversial production levy the government imposed unilaterally nine years ago.

The companies have argued consistently that the production levy inflates their production costs, making operations in Jamaica, the world's third largest bauxite producer, uncompetitive. The levy took Jamaica's earnings from the industry from $27m in 1973 to $170m the following year.

The Government has rejected appeals from the companies to dismantle the levy.

Drop in farm incomes predicted

By Richard Mooney

BRITISH FARMERS' incomes are likely to fall by up to 15 per cent this year, Sir Michael Franklin, permanent secretary at the Ministry of Agriculture, said yesterday.

He told the National Agricultural Outlook Conference in Sutton Coldfield that 1982, when total farm incomes rose by 45 per cent, would go down in history as an exceptional year.

Arable farmers were expected to do better this year than the livestock sector, he said.

● JAPAN rare metal stockpile association will send a survey team to the U.S. next month to study private and official stockpiling systems.

● KENYAN cotton industry is near collapse because of poor farming and inadequate materials, Mr John Musundi, manager of the national federation of co-operatives said. Output had fallen to 42,000 bales in 1982-83 from 61,000 in 1979-80.

● INTERNATIONAL Wool Secretariat and the Australian Wool Corporation announced the appointment of Mr John McPhee as IWS managing director from January 1.

● INDIAN cotton crop for 1982-83 is about 1.377m tonnes, the U.S. agricultural counsellor in New Delhi said. The Indian agricultural ministry had put the crop at 1.312m tonnes.

● NITROGEN supplies worldwide are likely to tighten significantly next year and the price to rise, Mr Willem van Asselt, managing director of UKF Fertilisers, said.

● AUSTRALIA yesterday became the seventh nation to join the Association of Tin Producing Countries, raising the total world production share of the metal by association members to almost 100 per cent. Australia produces about 7.5 per cent of the world tin supply.

U.S. wheat sales under pressure

BY NANCY DUNNE IN WASHINGTON

REAGAN Administration reluctance to increase funding for export financing so far this year bodes ill for U.S. wheat sales at a time when stocks are still at near-record levels.

The Office of Management and Budget (OMB) has resisted Department of Agriculture pleas to raise the ceiling on export guarantees from $3bn to $9bn, but the department has been slow to grant credit. In the meantime, EEC foreign sales of soft wheat have been brisk—authorisations through October were nearly 1m tonnes ahead of last year.

Potential market losses for the U.S. are likely to further inflame the dispute with Europe over agricultural trade subsidies, particularly since the EEC has raised its self-imposed ceiling on soft wheat exports from 12.4m tonnes to 13m tonnes on the grounds of expanding demand. Most American analysts do not foresee an expanding market, especially for the U.S., crippled by the strong dollar and a faltering government commitment to export financing.

No word has yet been heard from the Department of Agriculture on a resumption of the blended (subsidised) credit programme. Announcements of the less expensive credit guarantees have been belatedly pouring fourth in the past two weeks, but almost half the $3bn has already been allocated.

Among the favoured recipients are: Iraq, $400m in guarantees with just $100m for wheat sales; South Korea, $193m, with $130m for wheat; Portugal, $321m, with $112m for wheat; and Peru, $160m, with $100m for wheat.

The department is reported to be rushing through its guarantees in order to pressure the OMB for more funds when the coffers are empty. However, after spending more than $20bn for last year's expensive farm programmes, the OMB is decidedly reluctant to commit extra funds to this year's agricultural budget.

Meanwhile, in the flurry of last-minute Bill-passing last week, the House of Representatives approved legislation cutting the target price for 1984 wheat from $5.45 per bushel to $4.38 and freezing it at that level for 1985. The House agreed to the Administration sponsored effort in exchange for a more attractive 1984 wheat acreage reduction programme. However, with most of the winter wheat already planted, the new diversion programme is unlikely to have much impact on production.

In any case, the legislation has still to be approved by Senate, which has indicated that the Bill seems acceptable. However, Congress is in adjournment until January 23.

Australian grain 'record'

BY MICHAEL THOMPSON-NOEL IN SYDNEY

THE Bureau of Agricultural Economics (BAE) in Canberra yesterday confirmed its forecast that Australia is heading for a record wheat crop in 1983-84 of 20m tonnes, plus a record barley yield of 4.9m tonnes.

The wheat harvest in New South Wales is forecast at 7.4m tonnes, in Western Australia at 4.6m tonnes and in Victoria at 3.4m tonnes.

The bureau forecasts a national average wheat yield of 1.58 tonnes per hectare, about 22 per cent above normal.

On Monday, the Australian Wheat Board said it had contracted to sell a record 1.5m tonnes of wheat to Russia, for delivery in the first half of 1984.

Other deals already announced include 2m tonnes to Egypt, 1.25m tonnes to Iraq, 2.5m tonnes to China and 120,000 tonnes to Yemen.

With the farm sector now fully recovered from the ravages of drought, bank borrowing by farmers is rising dramatically. In the 12 months to July, bank advances to farmers rose by 15 per cent to A$3.1bn (£1.9bn).

The net value of Australian farm production in 1983-84 is expected to rise by 120 per cent to A$4.5bn—contributing significantly to the recovery in the Australian economy now under way.

Exports of rural origin are expected to rise by 12 per cent in value to A$8.3bn, reflecting an expected increase of about 8 per cent in export prices, and a rise of about 3 per cent in export volumes.

Crop production is expected to rise by 60 per cent on the drought-struck levels of last year.

Sugar moves ahead strongly

WORLD SUGAR values moved up strongly yesterday helped by reports of further Philippines buying and Soviet buying interest.

In the morning, the London daily raw price was fixed £10 higher at £145 a tonne and on the London futures market the March position closed £6.50 up at £167.25 a tonne. The March futures position has now recovered nearly £12 from the low point reached last week.

The Philippines, normally a sugar exporter, is reported to have bought a further 200,000 tonnes of raw sugar on the world market in the past few days, in addition to recent purchases of around 400,000

The purchase reports follow the drought which hit the country's crop this year and raised doubts about its ability to meet export commitments.

PRICE CHANGES

in tonnes unless stated otherwise	Nov. 22 1983	+ or —	Month ago
Metals			
Aluminium	£1050		£1050
Free Mkt	$1490/1510		$1570/600
Copper			
Cash h grade	£960.5	+15.5	£948.5
3 mths	£985.25	+18	£972.75
Cash Cathode	£944.5	+15.5	£930.25
3 months	£967.5	+15.5	£952.5
Gold troy oz	$376.375	+1.75	$393.125
Lead Cash	£271	—1.25	£278.5
3 months	£280.75	—1	£288.625
Nickel	£4646.34		£4648.54
Free mkt	205/225c		215/235c
Palladium oz	$145.50	+1.25	$144.00
Platinum oz	£264.45	+6.15	£255.25
Quicksilver†	$310/315		$320/330
Silver troy oz	585.25p	—14.10	639.10p
3 mths	598.10p	—14.35	653.15p
Tin cash	£8682.5	+7.5	£8557.5
3 month	£8807.5	+6	£8630.5
Tungsten	$78.12		$85.79
Wolfr'm 22.04 lb	$68/73		$79.83
Zinc Cash	£585	—7	£589.5
3 mths	£589.6	—7	£603.25
Producers	$850		$926

	Nov. 22 1983	+ or —	Month ago
Oils			
Coconut (Phil)	$905y	+5	$890
Groundnut	‡		$1075
Linseed Crude	‡		£315
Palm Malayan	$660v		$670
Seeds			
Copra Phil	$590x	+5	$570
Soyabean (U.S.)	$308	—5	$331.5
Grains			
Barley Fut. Jan	£118.85	+0.40	£119.90
Maize	£146.50u		£146.00
Wheat Fut. Jan	£120.60	+0.60	£193.70
No2 Hard Wint	‡		‡
Other commodities			
Cocoa ship't*	£1637	+17	£1487.5
Fut. March	£1584	+5.5	£1420.5
Coffee Ft. Jan.	£1940.5	+3.5	£1897
Cotton A. Index	89.60c	+0.15	88.60c
Gas Oil. Dec.	$243.25	—0.75	$253.75
Rubber kilo	83p	+1.75	77.5p
Sugar (Raw)	£146yv	+10	£148
Woolt'ps 64s.	405p kilo		400p kilo

‡ Unquoted. u Dec. v Jan. x Dec-Jan. y Nov-Dec. † Per 76 lb flask. * Ghana cocoa. n Nominal. c Cents per pound.

LONDON OIL

Gas Oil opened about $1.50 lower but quickly rallied as the physical market showed signs of steadying. Heavy selling pushed the market back to the opening levels at the break, but it moved back to the highs on the U.S. opening until it attracted renewed selling interest at that level.

Crude Oil opened steadier, reflecting the rise in gas oil, and remained firmer throughout the day, reports Premier Man.

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	27.95-28.10	—0.05
Iranian Light	27.70-28.00	
Arab Heavy	26.00-26.15	—0.05
North Sea (Forties)	28.35-28.45	—0.10
North Sea (Brent)	28.50-28.60	+0.10
African Bonny L'ht	29.10-29.30	+0.35
PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	287-295	—
Gas oil	248-250	—0.8
Heavy fuel oil	166-168	—0.5

CRUDE OIL FUTURES

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per brl		
Feb	28.45	+0.02	28.45
Mar	28.39	+0.05	28.45-28.39
Apr	28.33	+0.09	28.37-28.35
May	28.25	+0.07	28.30-28.19

Turnover: 187 (224) lots of 1,000 barrels.

GAS OIL FUTURES

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
Nov	240.25	—0.50	241.00-40.00
Dec	243.25	—0.75	244.25-42.50
Jan	243.25	—0.75	244.25-42.75
Feb	241.25	—0.75	242.50-41.25
Mar	235.50	—0.25	237.50-36.50
April	233.50	—0.50	234.25-33.25
May	233.00	+0.25	235.00-32.75
June	231.00	—1.00	—
July	233.00	—	235.00-33.00

Turnover: 1,872 (2,074) lots of 100 tonnes.

GOLD MARKETS

Gold rose $1¾ to $376-$376½ on the London bullion market yesterday. The metal opened at $375¾-$376¼, and was fixed at $375.50 in the afternoon, and $375.60 in the morning. It touched a peak of $377-$377½, and a low of $375¼-$376.

In Paris the 12½ kilo gold bar was fixed at FFr 99,500 per kilo ($376.74 per ounce) in the afternoon, compared with FFr 99,300 ($375.79) in the morning, and FFr 99,000 ($374.28) Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 32,720 per kilo

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $376 per ounce, against $375.25.

In Zurich gold finished at $375-$378, compared with $373-$376.

LONDON FUTURES

Month	Yest'rday's close	+ or —	Business Done
	$ per troy ounce		
Nov	375.00-77.00	+1.65	—
Dec	377.00-77.20	+2.20	377.90-76.50
Feb	383.60-83.00	+2.10	385.00-82.10
April	388.80-89.80	+2.00	388.50-88.90
June	394.60-96.60	+2.35	—

BRITISH COMMODITY PRICES

BASE METALS

COPPER VALUES rose for the third successive trading day on the London Metal Exchange; a strong performance in overnight U.S. markets and talk of renewed American interest around the opening of Comex boosted forward metal from an opening £977 to a day's high of £985 prior to a close of £984.75. ALUMINIUM and NICKEL were also firmer, reflecting the strength of copper as well as rumoured Commission House support. LEAD and ZINC lost ground with the latter dipping below £600 to close at £592.5 owing to trade selling and profit taking.

COPPER

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grade	£	£	£	£
Cash	956-.5	+13.5	960-1	+16.5
3 months	978.5-9	+15.2	985-.5	+18
Settlem't	956.5	+13.5	—	—
Cathodes				
Cash	940-.5	+14	944-5	+16.5
3 months	963.5-4.5	+15.5	967-8	+16.5
Settlem't	940.5	+14	—	
U.S. prod	—	—	*66.9	

Amalgamated Metal Trading reported that in the morning cash Higher Grade traded at £976, 76.50, 77, 77.50, 78, 78.50, 79. Cathodes: Cash £940, three months £964. Kerb: Higher Grade: Three months £979, 79.50, 80, 81. Afternoon: Higher Grade: Three months £984, 85, 84, 83.5, 84, 83.5, 83. Kerb: Higher Grade: Three months £983, 82.5, 83, 83.5, 84.5, 85, 84.5, 84, 84.5. Turnover: 18,375 tonnes.

TIN

SILVER

Silver was fixed 14.1p an oz higher for spot delivery in the London bullion market yesterday at 585.25p. U.S. cent equivalents of the fixing levels were: spot 881.2c, up 22.2c; three-month 881.3c, up 22.4c; six-month 902.8c, up 22.6c; and 12-month 948.5c, up 22.7c. The metal opened at 583-585p (857-861c) and closed at 587-589p (862-866c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	588.25p	+14.1	587p	+8.5
3 months	598.10p	+14.3	600.5p	+10
6 months	611.60p	+14.4	—	
12 months	638.55p	+14.5	—	

LME—Silver (2,000 oz contract)—Three months: 600.5p (593.5p). Turnover 0 (0).

Turnover: 76 (82) lots of 10,000 oz. Morning: Large contract three months 600.0, 599.0, 99.5; small three months untraded. Kerb: large three months 602.00; small untraded. Afternoon: large three months 602.01; small untraded. Kerb: large three months 600.5, 01.0; small untraded.

WEEKLY METALS

All prices as supplied by Metal Bulletin.

ANTIMONY: European free market, 99.6 per cent, $ per tonne, in warehouse 1990-2030.

BISMUTH: European free market, min 99.99 per cent, $ per pound, tonne lots in warehouse 1.53-1.63.

CADMIUM: European free market, min 99.95 per cent, $ per pound, in

Sales: 2,703 (3,313) lots of 5 tonnes.

ICO indicator prices (U.S. cents per pound) for Nov 21: Comp daily 1979 138.04 (137.45); 15-day average 136.41 (136.21).

GRAINS

Business done—Wheat: Nov. 118.20-7.90, Jan. 120.50-20.10, March 123.50-

LONDON DAILY PRICE—Raw sugar £145.00 (£135.00) a tonne for Nov-Dec-Jan shipment. White sugar £161.50 (£154.00).

The market was unable to sustain the higher levels after New York's rise following the news that India was offering 200,000 tonnes of whites for shipment for the first half of 1984, reports C. Czarnikow.

AMERICAN MARKETS

NEW YORK, Nov 22.

Heating oil was under moderate pressure as traders were expecting further pressure in a weak spot market. Copper finished moderately higher on continued arbitrage buying which has been the strongest source of support in recent days. Sugar prices were lower on profit-taking after Monday's rally on reports that India might increase offerings thus offsetting the bullish impact of Philippine production losses and Soviet buying. Cocoa prices eased off on commission house profit-taking and light origin selling. Coffee prices were mixed on light profit-taking in the nearby months and commission house support in distant months. Cotton prices finished lower on long liquidation ahead of the first notice day in December. Maize was the principal feature of grain markets as liquidation prior to December deliveries put the nearby month under heavy pressure. The unsettled situation in maize put also pressure on wheat which closed marginally lower. The soya complex was higher but was unable to hold the best levels because of the negative impact of maize, reports Heinold Commodities Ltd.

NEW YORK

COCOA 10 tonnes, $/tonnes

	Latest	High	Low	Prev
Dec	2172	2185	2165	2178
March	2186	2209	2176	2197
May	2194	2217	2190	2205
July	2201	2228	2200	2220
Sept	2211	2235	2211	2233
Dec	2260	—	—	2240
March	2250	—	—	2255

COFFEE "C" 37,000 lb. cents/lb

	Close	High	Low	Prev
Dec	148.67	49.40	48.50	148.25
March	143.95	44.40	43.50	143.87
May	139.25	39.50	39.00	139.43
July	136.03	36.50	36.25	136.60

SILVER 5,000 troy oz. cents/troy oz

	Close	High	Low	Prev
Nov	856.3	871.5	859.0	866.2
Dec	867.0	872.0	858.0	866.0
Jan	864.4	873.0	873.0	873.3
March	879.1	894.5	877.0	887.8
May	894.6	910.0	892.0	903.3
July	910.1	925.0	910.0	918.8
Sept	925.6	940.0	930.0	934.3
Dec	949.8	965.0	945.0	958.3
Jan	957.5	—	—	966.6
March	974.4	988.0	984.0	983.1

SUGAR WORLD "11" 112,000 lb. cents/lb

	Close	High	Low	Prev
Jan	9.25	9.54	8.25	8.60
March	9.77	10.00	8.75	10.08
May	10.00	10.25	8.98	10.12

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar eases on profit taking

The dollar lost ground in currency markets yesterday as profit-taking eroded its recent sharp gains. A lower Federal funds rate was also a contributory factor. However, the dollar remained underpinned by continued Middle East tension and fears of higher U.S. interest rates.

Sterling was a little firmer overall although there were no new factors in the market to influence trading.

DOLLAR — Trade weighted index (Bank of England) 128.4 against 122.7 six months ago. The dollar has been appreciating steadily recently and is once again threatening levels touched in August. Growing tension around the world is supporting the currency but an equal factor is speculation that a surge in money supply will combine with heavy Government borrowing and inflationary pressures from strong economic recovery to prevent a further easing in Federal Reserve monetary policy.

The dollar closed at DM 2.6900 from DM 2.7045 and SwFr 2.1710 compared with SwFr 2.1870. It was also lower against the yen at Y234.50 from Y235.50 and FFr 8.2050 from FFr 8.2275.

STERLING — Trading range against the dollar in 1983 is 1.6245 to 1.4540. October average 1.4977. Trade weighted index 83.5 against 83.6 at noon and 83.4 in the morning and compared with 83.6 on Monday and 84.1 six months ago. The pound has drifted lower against the dollar but remains very firm in terms of Continental currencies. This trend has been encouraged by unsettled conditions in the Middle East and the threat to Western oil supplies plus indications that London interest rates are likely to stay firm.

Sterling traded between $1.4675 and $1.4745 against the dollar before closing at $1.4730-$1.4740, a rise of 95 points. Against the Deutsche Mark it rose to DM 3.9650 from DM 3.96 and FFr 12.0750 from FFr 12.0375. Against the yen it rose to Y346 from Y344½ but eased slightly to SwFr 3.20 from SwFr 3.2025.

DEUTSCHE MARK — Trading range against the dollar in 1983 is 2.7315 to 2.3320. October average 2.6023. Trade-weighted index 125.2 against 129.0 six months. The Deutsche Mark is losing ground against the dollar once again, and could threaten the 10-year low touched in August. Although German interest rates are relatively firm, partly reflecting concern about money supply growth, expectations that U.S. interest rates will remain high, coupled with Middle East tension have returned the dollar to favour, while political and financial worries have tended to depress the Deutsche Mark.

The Deutsche Mark showed mixed changes at the Frankfurt fixing. The Bundesbank did not intervene when the dollar fell to DM 2.6985 from DM 2.7083, but the U.S. currency maintained a firm undertone on speculation that U.S. interest rates will stay firm despite Monday's slight decline. Sterling rose to DM 3.9690 from DM 3.9680, and the Swiss franc to DM 1.24 from DM 1.2384.

JAPANESE YEN—Trading range against the dollar in 1983 is 246.90 to 226.80. October average 232.84. Trade-weighted index 153.9 against 148.9 six months ago. The yen has performed better than European currencies against the very firm dollar following the stated determination of the Japanese authorities to defend the yen, and the agreement with the U.S. to bring about a more realistic exchange rate. This has pushed the yen up to record levels against several Continental currencies, including the D-mark.

The yen improved against the dollar in moderate Tokyo trading. The U.S. currency fell to Y234.70 from Y236.10, after opening at Y235.20. Selling of the dollar in Singapore by West German banks was suggested as a factor behind the movement, as well as lower U.S. interest rates. The D-mark weakened to Y87.14 from Y87.18.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU November 22	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9008	46.0081	+2.47	+1.77	±1.5447
Danish Krone ...	8.14104	8.16360	+0.28	−0.42	±1.6425
German D-Mark	2.24184	2.26256	+0.93	+0.23	±1.0642
French Franc ...	6.87456	6.88779	+0.19	−0.51	±1.4052
Dutch Guilder ...	2.52595	2.53778	+0.47	−0.23	±1.4964
Irish Punt	0.72569	0.727482	+0.25	−0.45	±1.6899
Italian Lira	1403.49	1369.55	−2.42	−2.42	±4.1505

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ in New York—Latest

	Nov. 22	Previous
Spot	$1.4755-4765	$1.4685-4695
1 month	0.04-0.08 dis	0.05-0.07 dis
3 months	0.22-0.26 dis	0.24-0.28 dis
12 months	1.00-1.15 dis	1.11-1.19 dis

£ forward rates are quoted in U.S. cents discount.

THE POUND SPOT AND FORWARD

Nov 22	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canada	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nethlnd.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ireland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
W. Ger.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Portugal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spain	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switz.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Belgian rate is for convertible francs. Financial franc 61.65-61.75. Six-month forward dollar 0.47-0.52c dis. 12-month 1.05-1.15c dis.

THE DOLLAR SPOT AND FORWARD

Nov 22	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	[illegible]	[illegible].4760	0.04-0.08c dis	−9.53	0.22-0.27dis	−0.66
Ireland†	[illegible]	[illegible].1565	0.28-0.25c pm	2.75	0.71-0.64 pm	2.34
Canada	[illegible]	[illegible].2370	0.04-0.02c pm	0.29	0.13-0.11 pm	0.39
Nethlnd.	[illegible]	[illegible].0205	0.98-0.88c pm	3.89	2.78-2.68 pm	3.61
Belgium	54.78-54.98	54.8[illegible]-54.86	par-2c dis	−0.22	1½-4½ dis	−0.22
Denmark	9.7050-9.7400	9.7050-9.7100	½-1ore dis	−9.53	¼-1¼ dis	−0.41
W. Ger.	2.6890-2.7015	2.6895-2.6905	0.91-0.86pf pm	3.94	2.57-2.52 pm	3.77
Portugal	128.15-128.80	128.30-128.60	80-220c dis	−14.01	300-650dis	−14.79
Spain	154.70-155.10	154.70-154.80	130-150c dis	−19.84	410-460dis	−11.23
Italy	1,630-1,634½	1,631½-1,632½	10.6-11.1 lire dis	−7.98	31½-32 dis	−7.76
Norway	7.4825-7.4955	7.4825-7.4875	2.30-2.60ore dis	−3.93	5.90-6.20dis	−3.23
France	8.1960-8.2250	8.2025-8.2075	2.03-2.18c dis	−3.08	7.00-7.35dis	−3.50
Sweden	7.9235-7.9485	7.9350-7.9400	1.50-1.70ore dis	−2.42	3.60-3.90dis	−1.88
Japan	234.35-236.10	234.45-234.55	0.70-0.69y pm	3.48	2.01-1.96 pm	3.38
Austria	18.84½-19.01	18.94½-18.95½	6.25-5.65gro pm	3.78	17.75-15.75pm	3.53
Switz.	2.1675-2.1790	2.1705-2.1710	1.20-1.15c pm	6.48	3.15-3.05 pm	5.70

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 55.42-55.47.

OTHER CURRENCIES

Nov. 22	£	$		£ Note Rates
Argentina Peso...	[illegible]	[illegible]	Austria	[illegible]
Australia Dollar...	[illegible]	[illegible]	Belgium	[illegible]
Brazil Cruzeiro...	[illegible]	[illegible]	Denmark	[illegible]
Finland Markka...	[illegible]	5.7650-5.7700	France	12.08-12.10
Greek Drachma...	141.90-142.30	96.40-96.70	Germany	3.95-3.99
Hong Kong Dollar	11.47½-11.49½	7.8150-7.8170	Italy	2380-2410
Iran Rial	129.70*	87.70*	Japan	343-348
Kuwait Dinar (KD)	0.4292-0.4297	0.29208-0.29218	Netherlands	4.43-4.47
Luxembourg Fr.	80.70-80.80	54.84-54.86	Norway	10.97-11.07
Malaysia Dollar	3.44-3.45	2.3430-2.3450	Portugal	189-197
New Zealand Dlr.	2.2295-2.2345	1.5176-1.5196	Spain	222-237
Saudi Arab. Riyal	5.1651-5.1219	3.4808-3.4812	Sweden	11.63-11.78
Singapore Dollar	3.1275-3.1375	2.1305-2.1325	Switzerland	3.18¾-3.21¾
Sth. African Rand	1.7620-1.7735	1.2005-1.2035	United States	1.46-1.48
U.A.E. Dirham	5.3975-5.4030	3.6720-3.6730	Yugoslavia	206-218

* Selling rates.

CURRENCY RATES

Nov. 22	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.715721	0.570225
U.S. $	8½	1.04987	0.838796
Canadian $	0.60	*	1.03795
Austria Sch	3¾	19.9490	15.9288
Belgian F	9	57.6006	46.0081
Danish Kr.	7	10.2185	8.16360
D mark	4	2.83253	2.26256
Guilder	9	3.17678	2.53778
French F.	9½	8.60251	6.88779
Lira	17	1714.90	1369.55
Yen	9	246.882	196.906
Norwgn Kr.	6	7.86993	6.28006
Spanish Pta	—	162.752	130.066
Swedish Kr	8½	8.33648	6.66005
Swiss Fr	4	2.28419	1.82460
Greek Dr'ch	20½	101.608	81.1369

* C$/SDR rate for November 21: 1.29829.

CURRENCY MOVEMENTS

Nov. 22	Bank of England Index	Morgan Guaranty Changes%
Sterling	83.5	−7.5
U.S. dollar	128.4	+16.0
Canadian dollar	92.5	+1.9
Austrian schilling	115.8	+8.0
Belgian franc	89.9	−11.8
Danish kroner	79.2	−5.6
Deutsche mark	129.2	+7.1
Swiss franc	150.9	+12.9
Guilder	115.9	+4.4
French franc	66.7	−19.0
Lira	49.4	−11.9
Yen	153.0	+11.0

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

EXCHANGE CROSS RATES

Nov. 22	Pound St'rling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.474	3.965	346.0	12.075	3.200	4.463	2402.	1.822	80.70
U.S. Dollar	0.679	1.	2.691	234.8	8.195	2.172	3.028	1630.	1.237	54.80
Deutschemark	0.252	0.372	1.	87.26	3.045	0.807	1.125	605.7	0.460	20.37
Japanese Yen 1,000	2.890	4.259	11.46	1000.	34.90	0.249	12.87	6941.	5.266	233.4
French Franc 10	0.828	1.220	3.284	286.5	10.	2.650	3.687	1989.	1.509	66.87
Swiss Franc	0.310	0.460	1.230	108.1	3.773	1.	1.391	750.5	0.569	25.25
Dutch Guilder	0.225	0.331	0.891	77.71	2.712	0.719	1.	539.4	0.409	18.14
Italian Lira 1,000	0.416	0.614	1.651	144.1	5.028	1.333	1.854	1000.	0.759	33.62
Canadian Dollar	0.549	0.809	2.176	189.9	6.627	1.756	2.444	1318.	1.	44.32
Belgian Franc 100	1.238	1.825	4.919	428.5	14.95	3.963	0.514	2974.	2.256	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Nov. 22	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Kroner
Short term	8⅝-8⅞	9⅛-9⅜	8½-9	5¹³⁄₁₆-5¹⁵⁄₁₆	1-1¼	5⅞-6⅛	12⅛-12⅝	10¼-17	9¼-9¾	9¼-9¾	6⅛-6⅜	8-8½
7 day's notice	8¹³⁄₁₆-8¹⁵⁄₁₆	9¼-9⅜	8½-9	5⅞-6	0⅞-6⅛	5⅞-5¹⁵⁄₁₆	12⅛-12⅜	16¼-17¼	9¼-9¾	9¼-9½	6⅛-6¼	11-11½
Month	9⅛-9¼	9⅜-9½	9⅛-9⅜	5⅞-6	3¼-3½	5¹⁵⁄₁₆-6⅛	12⅝-12⅞	16⅞-17⅛	9½-10	9¼-9½	6¼-6⅜	10½-11
Three months	9¼-9⅜	9⅝-9⅞	9¼-9⅜	6¼-6⅜	4⅛-4¼	6⅛-6¼	12¾-13⅛	17¼-17⅝	9⅞-10⅛	9⅝-9⅞	6⅜-6½	11-11¼
Six months	9⅜-9½	9¾-10	9⅜-9⅝	6⅛-6¼	4¼-4⅜	6⅛-6⅜	13⅝-14⅛	18-18½	10-10½	10⅛-10⅜	6⅜-6½	11¼-11½
One Year	9⅝-9¾	10⅛-10⅜	9⅝-9⅞	6⅛-6¼	4⅜-4½	6⅛-6⅜	14⅛-14⅝	18⅝-19¼	10⅛-11	10¼-10½	6½-6⅝	11⅛-11⅝

Asian $ (closing rates in Singapore): Short term 9⅛-9⅜ per cent; seven days 9⅛-9⅜ per cent; one month 9⅜-9½ per cent; three months 9⅝-9⅞ per cent; six months 9¹³⁄₁₆-10¹⁄₁₆ per cent; one year 10⅛-10⅜ per cent. Long-term Eurodollar two years 11-11⅛ per cent; three years 11⅛-11¼ per cent; four years 11⅞-12⅛ per cent; five years 12⅛-12⅜ per cent nominal closing rates. Short-term rates are call for U.S. dollars and Japanese yen; others two days notice.

FINANCIAL FUTURES

Prices firm

Gilts contracts were very firm on the London International Financial Futures Exchange yesterday, encouraged by the upward trend in the cash market. Traders reported an appetite in the market nourished by the weight of new money through payment of gilt dividends. This was also a major factor behind the large surplus of credit in the London money market. December delivery opened at 110-18, and moved up to the first chart resistance point of 110-24, continuing on to another chart point of 111.00, before peaking at 111-03, and closing at 110-17, compared with 110-08 on Monday.

Sentiment was also helped by a better tone in the U.S. bond market following the intervention by the Federal Reserve adding funds to the New York banking system. On Monday Federal funds fell to 9⅛-9¼ per cent after the Fed injected $2bn by customer repurchases, at 9¼ per cent, and yesterday the U.S. authorities added another $1.5bn at 9 per cent.

Short sterling also opened firm at 90.91 for December delivery but this was the highest level of the day, as prices moved back into line with the cash market, partly on speculation that the December money supply figures are unlikely to herald any decline in London interest rates. It fell to a low of 90.86, and closed only slightly higher at 90.89, compared with 90.87 previously. The March contract was more active, opening at 90.57, and finishing near the day's high at 90.59, against 90.53 on Monday.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
Dec	90.31	90.36	90.29	90.21
March	89.90	89.95	89.88	89.81
June	89.58	89.62	89.55	89.50
Sept	89.31	89.36	89.31	89.22
Dec	88.98	—	—	88.93

Volume 2,381 (1,236)
Previous day's open int 8,486 (8,530)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100% — [illegible]

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100% — [illegible]

CERT. DEPOSIT (IMM) $1m points of 100% — [illegible]

STERLING £25,000 $ per £ — [illegible]

DEUTSCHE MARKS DM 125,000 $ per DM — [illegible]

SWISS FRANCS SwFr 125,000 $ per SwFr — [illegible]

JAPANESE YEN Y12.5m $ per Y100 — [illegible]

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Dec	71-19	71-23	71-11	71-08
March	71-02	71-06	70-26	70-22
June	70-18	70-20	70-10	70-06
Sept	70-03	70-05	69-28	69-23
Dec	69-21	69-24	69-12	69-19
March	69-19	69-10	69-04	68-31
June	68-21	68-21	68-14	68-21
Sept	68-23	68-23	68-22	68-12
Dec	—	—	—	—

U.S. TREASURY BILLS (IMM) $1m points of 100% — [illegible]

CERT. DEPOSIT (IMM) $1m points of 100% — [illegible]

THREE-MONTH EURODOLLAR (IMM) $1m points of 100% — [illegible]

STERLING (IMM) $e per £ — [illegible]

GNMA (CBT) 8% $100,000 32nds of 100% — [illegible]

MONEY MARKETS

UK rates ease slightly in quiet trading

Interest rates were slightly easier where changed in the London money market yesterday. Three-month interbank money slipped to 9⅜ per cent from 9⁷⁄₁₆ per cent while the bid rate on three-month eligible bank bills was marginally easier at 8¹⁵⁄₁₆ per cent from 8 59-64ths per cent. Overnight interbank money opened at 8¾-8⅞ per cent and eased to 8 per cent before coming back to 8½ per cent. Closing balances were taken at 7 per cent. Short term funds were in ample supply with the Bank of England's early forecast of a £300m surplus, the largest since figures were published from August 1981.

The Bank of England's forecast of a £300m surplus was later revised to £200m. Factors affecting the market included maturing assistance and a take up of Treasury bills together draining £102m, offset by Exchequer transactions of £280m and a fall in the note circulation of £50m. There was no intervention by the authorities in the morning but in the afternoon the Bank took steps to drain the surplus by selling £170m of Treasury bills at 8¹¹⁄₁₆ per cent, maturing tomorrow.

In Brussels the Belgian central bank increased the rate on Beligian four month fondes des rentes certificates to 9.75 per cent from 9.65 per cent. This was seen as a move to bring the rate more into line with money market rates which have been edging upwards just recently and follows Monday's decision to increase the rate on one and two month Treasury bills. With official rates moving in line with market rates instead of the other way round, there was no immediate suggestion that yesterday's move was an effort to bolster the Belgian franc. The latter has been rather weak within the European Monetary System and is trading outside its divergence limit although current dollar strength and the D-mark's relative weakness has kept any downward pressure within acceptable limits.

In Frankfurt call money was unchanged from Monday at 5.525 per cent.

UK clearing bank base lending rate 9 per cent (since October 4 and 5)

MONEY RATES

Nov. 22	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.50-5.55	12¼	1-2	9½-5¾	0.90625	17½-17⅞	6¾	—
One month	5.70-5.80	12¼-12⅜	3¼-3⅜	9⅞-6	—	17½-17⅞	9⅞-0⅜	12¼-12½
Two months	6.25-6.35	12¼-12⅜	4-4⅜	—	—	17¾-10½	—	12¼-12½
Three months	6.25-6.40	12⅛-12⅞	—	0¼-6⅜	6.34375	—	9½-9¹¹⁄₁₆	12¼-12½
Six months	6.30-6.40	12⅜-12⅜	—	9⅜-6½	—	—	0⅜-10	12⅜-12⅝
Lombard	0.9	—	—	—	—	—	10	—
Intervention	—	12¼	—	5¾	—	—	—	—

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

Nov. 22 1983	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	7-8⅞	8¾-8½	8½-9	7-8¾	—	—	—	—	—
2 days notice	—	—	9¾-8⅞	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	8¾-0	8⅞-9	9⅛-9¼	8⅞	—	—	—	—	—
One month	0⅛-9⅛	9⅛-9⅛	9⅛	9⅜	0	9	9⅞	9	8¹¹⁄₁₆	9⅜
Two months	9⅛-9⅛	9⅛-9⅛	9⅛	9½	9	8¹¹⁄₁₆-9	8¹⁵⁄₁₆-8¹¹⁄₁₆	8¹¹⁄₁₆	8¹⁵⁄₁₆	9⅜
Three months	0¼-9⅛	0¼-9⅛	9⅛	9⅝	0	8¹⁵⁄₁₆	8⅞	8¹⁵⁄₁₆	8⅞	9⅜
Six months	9⅛-9¼	9⅜-9½	9⅛	—	—	—	—	8⅞	8⅞	9⅜
Nine months	9⅛-9⅜	0⅛-9⅛	9½	—	—	—	—	—	—	—
One year	9⅛-9¹¹⁄₁₆	9⅛-9⅛	9⅝	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Certs of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	9⅝-9⅜	—	9⅛	9.3-9.4	8½-8⅞	8½-8⅞
Two months	9⅝-9⅜	—	9⅛	0.4-9.5	8¾-9⅛	8⅞-9⅛
Three months	9⅝-9⅜	—	9⅛	9.5-9.0	8¹¹⁄₁₆-9⅛	9-9⅜
Six months	9⅛-9½	—	9⅛	9.65-9.75	9⅛-9⅞	9¼-9⅜
Nine months	9¾-9⅛	—	9⅜	9.8-10.0	—	—
One year	9¾-0½	—	9¾	9.95-10.15	9-9⅜	9⅜-10
Two years	—	10⅜	—	—	—	—
Three years	—	10½	—	—	—	—
Four years	—	10⅞	—	—	—	—
Five years	—	11	—	—	—	—

ECGD Fixed Rate Export Finance Scheme IV Average Rate for interest period October 5 to November 1 1983 (inclusive) 9.393 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rates (published by the Finance Houses Association) 10 per cent from November 1 1983. London and Scottish Clearing Bank Rates for lending 9 per cent. London Deposit Rates for sums at seven days' notice 5½ per cent. Treasury Bills: Average tender rate of discount 8.8631 per cent. Certificates of Tax Deposit (Series 0). Deposits of £100,000 and over held under one month 9½ per cent; one-six-month 9½ per cent; six-12-month 10 per cent. Under £100,000 9¼ per cent from October 6. Deposits held under Series 4-5 10 per cent. The rate for all deposits withdrawn for cash 8 per cent.

MONEY RATES

Lunchtime

NEW YORK

Prime rate	11
Broker loan rate	10¾
Fed funds	8
Fed funds at intervention	9
Treasury Bills	
One month	8.15
Two month	8.50
Three month	8.76
Six month	8.90
One year	8.97
Treasury Bonds	
Two year	99¹¹⁄₁₆
Three year	100⁵⁄₃₂
Four year	100⁷⁄₃₂
Five year	101¹¹⁄₃₂
Seven year	100⁹⁄₃₂
10 year	101⅛
30 year	102²³⁄₃₂

FT LONDON INTERBANK FIXING

LONDON INTERBANK FIXING (11.00 a.m. November 22)

3 months U.S. dollars

bid 9 3/4	offer 9 7/8

6 months U.S. dollars

bid 9 15/16	offer 10 1/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

COMPANY NOTICES

NIPPON MEAT PACKERS, INC. (CDRs)

The undersigned announces that as from 25th November 1983 at Kas-Associatie N.V. in Amsterdam and at Kredietbank S.A. Luxembourgeoise in Luxembourg div. cp. no. 10 (accompanied by an "affidavit") of the CDRs Nippon Meat Packers, Inc., will be payable with US$3.59 per CDR, repr. 100 shs. and with US$35.90 per CDR, repr. 1,000 shs. (div. per record-date 31.7.1983; gross Yen 18 p.sh.) after deduction of 15% Japanese tax, repr. Yen 150 = $0.63 per CDR, repr. 100 shs. and Yen 1,500 = $6.30 per CDR, repr. 1,000 shs.

Without an Affidavit 20% Japanese tax (= Yen 200 = $0.84 per CDR, repr. 100 shs. and Yen 2,000 = $8.40 per CDR, repr. 1,000 shs.) will be deducted.

After 29.2.1984 the dividend will only be paid under deduction of 20% Japanese tax with resp. $3.38 per CDR, repr. 100 shs. and with $33.80 per CDR, repr. 1,000 shs. in accordance with the Japanese tax regulations.

AMSTERDAM DEPOSITARY COMPANY N.V.

Amsterdam, 11th November 1983.

CONTRACTS AND TENDERS

DORSET COUNTY COUNCIL TELECOMMUNICATIONS NETWORK

Dorset County Council require three digital private telephone exchanges to form the basis of the Council's new communications network.

Applications for inclusion on the Council's select list of suppliers to be made to the undersigned by 30 December 1983.

Further particulars are available from me or from PACTEL, tel: 01-828 7744.

K A Abel LLB DL
Chief Executive
County Hall
Dorchester
DT1 1XJ

INTERNATIONAL CAPITAL MARKETS

Mixed fortunes for bank borrowers in Eurodollar sector

BY MARY ANN SIEGHART IN LONDON

TWO BANKS tapped the Eurodollar bond market yesterday, one with a floating rate note and the other a fixed-rate issue.

Bank of Tokyo is raising $100m through a seven-year, 11⅞ per cent bond at par, which, like other recent Japanese fixed-rate bank issues, involves an interest rate swap. Credit Suisse First Boston is leading the deal with Morgan Guaranty, S. G. Warburg and Bank of Tokyo. Reflecting the current overhang of new issues in the fixed-rate market, the bond traded at a discount of around 1⅞ per cent, outside its selling concession.

The Bank of New York met a better reception in a much bealthier market sector. Its 12-year $75m floater pays ⅛ point over the mean of the three-month Londoo inter-bank bid and offered rates at par and is led by Goldman Sachs. This is the first time Goldman has been lead manager of an FRN.

The front-end fees are 1⅛ per cent, giving an all-in cost to the borrower of just 0.156 per cent over the London inter-bank offered rate (Libor). This makes it the tightest-priced FRN this year. Nevertheless, it traded around its selling concession, at a discount ol about 0.60 per cent.

Computer Products has postponed its $20m convertible launched last week through Shearson/American Express. The issue will probably reappear in the New Year.

The dollar secondary market was again very quiet, with limited selective short-covering by dealers pushing prices up by about ⅛ point.

International Standard Electric Corporation, a subsidiary of IT&T, is raising DM 100m through a seven-year bond paying 7⅞ per cent at par. Led by Deutsche Bank, the bond was well received, trading at a small discount of about ½ point. Swiss investors were reported to be showing considerable interest.

BHF Bank bond average		
Nov 22		Previous
98.667		98.682
High	1983	Low
102.017		97.899

In the Swiss franc market, Achilles Corporation, the Japanese rubber, plastic and shoe manufacturer, is raising SwFr 30m through a 5½ year convertible private placement with an indicated 3 per cent coupon at par. UBS is lead manager.

Sweden's SwFr 100m 10-year public issue had bees given a coupon of 6 per cent at a price of 100¼ by lead manager Handelsbank. This makes the yield slightly lower than its indicated 6 per cent.

Secondary market prices in both Germany and Switzerland were little changed yesterday

The European Economic Community issued its third Samurai bond yesterday. It is raising Y20bn through a 10-year bond paying 7.7 per cent at a price of 99.75. Led by Yamaichi Securities, the yield to maturity is 7.885 per cent.

French agency issues £200m loan package

BY OUR EUROMARKETS STAFF

FRANCE'S state financing agency Credit National, yesterday launched its long-awaited £200m loan package which is to be divided equally between a credit and a floating rate note.

The £100m floating rate note portioo will pay ⅛ point over three-month Libor at par. It bas a 12-year life, but there is an optional redemption for investors at eight years. Hambros Bank is leading the deal Morgan Guaranty, and Banque Nationale de Paris is a senior co-manager. According to Bank of England regulations; French banks are not allowed formally lead sterling bonds.

The total front-end fees are 1.20 per cent, which gives an all-in cost to the borrower up to the first put optioo of just 0.275 per cent over Libor, less than Société Nationale des Chemins de Fer had to pay on its sterling floater in September.

This is the first time that Hambros has led a sterling floater, and it breaks the recent monopoly of the sector by S. G. Warburg, which has led all five of the recent issues.

Morgan Guaranty is to be the agent on the eight-year £100m credit which it will lead together with BNP and Hambros. Terms are due to be finalised later in the week, but expectations are that the credit will bear a margin of ⅜ percentage points over sterling money market rates for the first four years rising to ½ point for the oext four.

Although these are very fine terms for the Eurocredit market they mean that the credit will still be more expensive to Credit National than the floating rate note issue. It is understood that Credit National would have preferred to raise all £200m in the form of an FRN but was prevented from doing so by Bank of England rules

Italian bills unsold

BY OUR FINANCIAL STAFF

THE BANK OF ITALY has failed to attract a full subscriptioo for its latest action of L14,000bn ($8.57bn) in Treasury bills, despite a general move by Italian investors into government securities as fears bave grown in recent weeks of further taxes oo stock market boldings.

The bank itself was required to take up some L2,700bn or 19.3 per cent of the paper oo offer – in maturities of three, six and 12 months – while L528bn or 3.7 per cent was left unsold.

Bids for the L2,500bn in three-month bills, offered under a competitive system, were nearly sufficient at L2,460bn, the bank said yesterday. But the authorities decided to accept only L1,700bn worth.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which is published monthly. The following are closing prices for November 22.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex O/S Fin 10⅞ 90	100	93⅞	94⅜	+0⅛	+0⅛	11.83
Australia Comm 11⅛ 90	100	100¾	101¼	+0⅛	+0¼	11.56
Australia Comm 11½ 95	300	96½	97	+0⅛	−0¼	12.02
Australia Comm 11⅝ 90	100	97¼	97¾	+0⅛	+0¼	11.38
Bank of Tokyo 11 90	100	94⅞	95⅜	−0⅛	−0⅛	12.11
British Col Hyd 10⅛ 88	200	96⅞	97⅛	0	−0¼	11.10
Britoil Fin 11⅞ 98	125	99⅞	100⅜	0	−0⅛	11.83
Canada 10⅞ 88	500	98⅜	98⅞	0	−0½	11.24
C.C.C.E. 11⅞ 97	100	92⅞	93⅜	0	−0⅛	12.82
C.C.C.E. 12⅝ 95	75	98⅜	98⅞	0	−0⅛	12.88
Can Imp Bk Com 11 90	75	92⅞	93⅜	+0⅛	0	12.61
Citicorp O/S 10⅞ 90	100	91⅞	92⅜	+0¼	−0⅛	12.17
Citicorp O/S 11¾ 90	100	97⅛	97⅝	+0¼	−0½	12.32
Cred Suisse BAH 10½ 90	150	98⅞	99¼	+0¼	+0¼	10.70
Den Norsk Cred 11½ 93	50	93⅛	93⅝	+0⅛	−0¼	12.45
E.C.S.C. 11⅞ 90	75	99⅜	99⅞	+0⅛	0	11.93
E.D.F. 11⅛ 93	100	92½	93	+0⅛	−0⅛	12.44
E.E.C. 11 97	350	98⅝	99⅛	+0⅛	+0⅛	11.35
E.I.B. 10¾ 93	200	91¾	92¼	−0⅛	−0¼	12.10
E.I.B. 11 91	125	95⅛	95⅝	0	−0⅛	11.96
Eksportfinans 11½ 90	100	96½	97	+0⅛	0	12.21
Electrolux 10½ 90	50	92¼	92¾	+0¼	0	12.20
Ensearch Fin 11⅝ 93	100	95¾	96¼	0	−0¼	12.33
Fuji Int Fin 10⅞ 90	100	93	93½	+0⅛	−0⅛	12.41
GMAC O/S Fin 11¾ 90	100	98⅞	99¼	0	−0½	11.58
Honeywell Int 10¾ 90	100	96⅞	97¼	0	−0½	11.41
Indust Bk Japan 10⅞ 88	100	97⅛	97⅝	+0¼	+0⅛	11.62
Indust Bk Japan 11⅛ 91	100	93⅞	94⅜	−0⅛	−0⅛	12.10
Japan Air Lines 10⅞ 98	42	92	92½	0	−0⅛	12.01
Japan Air Lines 11 93	75	94⅞	95⅜	+0⅛	−0¼	11.85
J.C. Penney 11⅞ 90	100	100⅛	100⅝	0	−0⅛	11.78
J. P. Morgan 11⅛ 90 WW	150	97	97½	0	−0⅛	11.96
Levi Strauss Int 11 90	75	96½	97	0	−0⅛	11.70
L.T.C.B. 10¾ 90	100	93⅛	93⅝	+0⅛	−0⅛	12.25
L.T.C.B. 12½ 90	85	101¼	101¾	0	−0¼	12.15
Merrill Lynch 10⅝ 90	200	94	94½	+0¼	0	11.92
Mitsubishi Corp 10½ 90	100	93⅞	94⅜	+0⅛	−0¼	11.88
Mitsubishi Fin 11⅞ 90	100	95⅝	96⅛	−0¼	−0½	12.20
Nippon Credit 11 90	100	93⅞	94⅜	+0⅛	−0⅛	12.39
Nippon Credit 11⅞ 00	100	97¼	97¾	−0⅛	−0⅛	12.48
O.K.B. 10 91	100	89⅞	90⅜	+0⅛	+0⅛	12.06
Ontario Hydro 10⅛ 90	250	93¼	93¾	0	−0¼	11.70
Ontario Hydro 11¾ 98	200	100	100½	0	0	11.68
Pacific Gas & Elec 12 91	75	102½	103	+0⅛	−0¼	11.44
P.K. Banken 12 90	75	96⅞	97⅛	+0⅛	+0⅛	12.67
Prudential O/S 10⅞ 93	100	94⅞	95⅜	−0⅛	−0⅛	11.47
Quebec Hydro 11½ 92	150†	97¼	97¾	+0⅛	+0⅛	11.96
Saskatchewan Pr 10¾ 00	125	95⅝	96⅛	0	0	11.68
Sears O/S Fin 11⅛ 93	150	98	98½	+0⅛	0	11.92
Sth Cal Edison 10½ 90	75	95⅞	96⅜	0	−0⅛	11.35
Sumitomo Fin 10⅞ 90	100	93⅜	93⅞	0	−0½	12.38
Texaco Capital 9¾ 90	150	92¼	92¾	+0¼	−0⅛	11.47
Texaco Capital 10½ 93	200	94¾	95¼	+0⅛	+0⅛	11.36
U.B.S. 10 88	100	97⅞	98⅜	+0¼	−1¼	10.51
World Bank 11⅛ 88	100	99½	99⅞	+0⅛	+0⅛	11.30
World Bank 11¼ 00	200	96⅞	97⅜	0	0	11.80
World Bank 11½ 98	150	98½	99	+0⅛	+0⅛	11.75
World Bank 12 93	200	100⅛	100⅝	+0⅛	+0⅛	11.91

Av. price changes: on day +⅛, on week −⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Air Canada 7⅞ 93	100	100¼	100¾	0	−0¼	7.29
Arab Banking Corp 8 88	100	96⅞	97⅜	0	−0⅛	8.74
Asian Dev BK 5½ 93	200	99¾	100¼	0	0	8.50
Austria, Rep 7⅞ 89	100	100⅛	100⅝	0	−0¼	7.50
Austria, Rep 8 93	100	100¾	101¼	0	−0⅛	7.84
Avon Int Fin 7½ 93	100	101¼	101¾	0	0	7.28
Beatrice Foods 7¾ 83	130	103⅞	104⅜	−0⅛	−0⅛	7.17
B.F.C.E. 8¼ 90	150	100	100½	−0⅛	−0⅛	8.10
Dresdner Finance 4 90 WW	250	107⅞	108½	0	−1	2.84
Dresdner Finance 4 00 XW	250	83½	83⅞	−0⅛	−0⅛	7.22
E.C.S.C. 8 90	100	100½	101	0	−0⅛	7.84
E.E.C. 8⅛ 93	250	100½	101	−0½	−1⅛	8.12
E.I.B. 8 93	200	99⅛	99⅝	−0¼	−0¼	8.09
Eurofima 7½ 90	100	101¼	101¾	0	−0¼	7.20
Finland Rep 7½ 88	150	99⅜	99⅞	−0⅛	−0⅛	7.58
Finland Rep 8 90	150	98½	99	−0⅛	−0¼	8.24
Int Standard Ele 7⅞ 93	100	102⅝	103⅛	−0¼	−0⅛	7.38
Ireland 8⅝ 91	150	100½	101	−0⅛	0	8.48
Japan Dev Bank 7½ 90	100	100⅞	101⅜	0	0	7.27
Kobe City 7 93	120	97¼	97¾	0	+0¼	7.37
L.T.C.B. 8 90	100	101½	102	0	−0⅛	7.84
Renault Acceptance 8 90	150	90	90½	−0⅛	−0⅛	8.34
S.O.B. France 7⅞ 93	100	97¼	97¾	0	−0⅛	8.25
Sth African Tran 8¼ 90	100	99	99½	0	+0⅛	8.38
World Bank 7½ 90	250	97¾	98¼	−0⅛	−0⅛	7.88
World Bank 7⅞ 89	300	99⅞	100⅜	−0⅛	−0⅛	7.84

Av. price changes: on day −⅛, on week −⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bank of Tokyo 8 91	100	102½	102¾	+0¼	0	5.57
Bergen, City of 5¾ 95	40	99¾	100	−0¼	0	5.76
Denmark 6⅞ 91	100	101	101½	−1⅛	+0⅛	6.10
E.D.C. 5⅝ 91	100	100	100¼	0	−0¼	5.35
E.E.C. 6 93	100	100½	100⅞	−0½	−0⅛	5.91
Europarat 6⅛ 93	100	99	99¼	0	+0½	6.24
Ind Fund Finland 8¼ 91	40	101¼	101½	−0⅛	−0⅛	6.02
Int-Am Dev Bk 8 93	100	98	98¼	+0⅛	+0½	6.26
Ireland 6½ 93	80	99	99¼	0	0	6.62
Japan Dev Bank 5⅞ 93	100	101¾	102½	0	+0⅛	5.50
Jap Highway Pub 5⅝ 91	100	99⅞	100⅛	+0¼	+1⅛	5.62
Kansai Ele Power 5 91	100	102	102¼	−0⅛	−0¼	5.04
Kawasaki Steel 6⅛ 91	100	101	101¼	0	0	5.83
Manitoba Prov 5½ 93	100	100¾	101	0	+0¼	6.38
Mont Blanc Toal 6⅞ 93	35	102¼	102½	−0⅛	+1⅛	5.85
Mount Isa Finance 8 93	100	102⅞	102⅞	+0¼	−0⅛	5.65
MTG Bk Denmark 6¼ 91	90	98½	98¾	+0⅛	+1	6.47
New Brunswick 5¾ 93	100	101¾	102	0	−0⅛	5.50
Nisshin Steel 5¼ 91	100	100	100¼	0	0	6.22
Oster Draukraft 8 93	100	102¾	103	−0¼	−0¼	5.00
Oster Post 6⅛ 91	100†	102	102½	−0½	−0⅛	5.74
Quebec Province 5⅞ 93	100	99½	99¾	+0⅛	+0½	5.87
Sumitomo Heavy Ind 8 91	100	100⅞	100⅞	+0⅛	+0½	5.82
Tokyo Elec Power 5⅞ 91	100	102⅞	102⅞	−0⅛	+0⅛	5.47
Trizec Corp 6⅛ 93	100	99½	99¾	+0⅛	+0½	6.17
World Bank 8 95	100	99	99¼	−0⅛	−0⅛	6.23

Av. price changes: on day 0, on week +⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 8⅝ 92	15	100¼	100⅝	−0⅛	+0⅛	7.81
E.I.B. 8⅛ 92	15	103	103½	−0¼	+0¼	7.71
Int-Am Dev Bk 7⅞ 93	15†	99⅞	100⅜	−0⅛	−0⅛	7.96
New Zealand 7⅞ 85	15	103	103½	0	+0⅛	8.29
World Bank 8⅞ 92	20	103¾	104½	0	0	7.87

Av. price changes: on day −⅛, on week +⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Fstm Credit 12¼ 90 CS	75†	101⅛	101⅝	+0⅛	+0⅛	11.83
Hercos 12¼ 93 CS	60†	97½	97⅞	0	−0⅛	12.22
TD NTG Corp 12½ 88 CS	40†	101⅛	101⅝	0	0	12.08
Quebec Hydro 12¾ 93 CS	50†	102½	103	0	+0⅛	12.24
Royal Trstco 12⅞ 88 CS	50†	101⅝	102⅛	0	0	12.10
World Bank 12½ 90 CS	75†	102	102½	0	+0⅛	11.74
Xerox Canada 12 88 CS	40†	102⅞	103⅜	0	−0⅛	11.00
E.I.B. 11⅛ 88 ECU	50	100	100½	0	0	11.06
Genfinance 11 90 ECU	80	97¾	98¼	0	0	11.42
Algemene Bank 8⅜ 88 Fl	150	101	101½	0	+0⅛	8.48
Bank Mees & Hope 8 88 Fl	75	101⅞	102⅜	+0⅛	+0⅛	8.43
Elect Sup Brd 8⅝ 88 Fl	75	97⅞	98⅛	+0⅛	+0⅛	9.20
P.H.P. 8⅝ 88 Fl	50	100⅞	101⅜	+0½	+1	8.42
Swed Exp Cred 7⅞ 88 Fl	100	95⅞	96⅜	0	0	8.94
World Bank 9 88 Fl	100	102⅞	103⅛	+0⅛	+0⅛	8.20
O.K.B. 14 88 FF	400	100½	101½	−0⅛	0	13.37
Solvay & Cie 14⅞ 88 FF	200	101½	102½	0	−0⅛	13.98
B.F.C.E. 11½ 90 £	50	99⅞	99⅞	−0½	−0⅛	11.50
British Oxyg 11¾ 91 £	50	100	100⅝	0	−0⅛	11.64
CEPME 11⅛ 95 £	35†	100⅜	101	−0⅛	+0⅛	11.13
CIBA-Geigy Int 6⅞ 93 £	25	97¼	98½	0	−0¼	7.86
E.E.C. 11⅞ 91 £	50	101¼	102	0	+0½	11.51
E.E.C. 11⅞ 93 £	50	101⅞	101⅞	−0⅛	−0¼	11.58
Fin For Ind 10½ 90 £	20	95	95⅜	0	+0⅛	11.52
Finland Rep 11⅞ 90 £	60	100⅝	101⅛	+0⅛	+0⅛	11.64
Gen Elec Co 12½ 89 £	50	103⅞	104⅜	0	+0⅛	11.36
I.I.I. 10⅝ 93 £	25	95	95¾	+0⅛	+0⅛	11.55
I.I.I. 11½ 91 WW £	50†	99⅞	100⅜	0	0	11.45
Mort Bk Fin 11⅝ 89 £	10	98⅛	98⅝	0	−0⅛	12.08
Norsk Hydro 12 90 £	30	102½	103¼	0	−0⅛	11.31
Sweden 11⅛ 93 £	50	98⅞	99⅜	+0⅛	+0⅛	11.45
Swed Exp Cred 11⅛ 88 £	30	98⅞	99⅜	0	+0⅛	11.60
World Bank 11⅛ 90 £	100	99	99⅜	−0⅛	+0⅛	11.27
Eurotom 11 93 LuxFr	500	102¼	103¼	0	−0⅛	10.58
Europarat 10⅝ 93 LuxFr	600	102½	103½	0	+0⅛	10.22

FLOATING RATE NOTES	Spread	Bid	Offer	C.date	C.cpn	C.yld
B.F.C.E. 5¼ 90	0¼	99⅞	100	28/1	10.10	10.10
Caisse Nat Tels 5¼ 90	0¼	99⅞	99⅞	21/4	10	10.05
C.C.F. 5¼ 95	0¼	99½	99⅞	7/4	9.94	9.97
C.C.F. 5¼ 98	0¼	99⅞	100⅛	24/3	10.10	10.10
Cepme 5¼ 88 WW	0¼	99⅞	100¼	3/12	10.56	10.56
Cepme 5¼ 92	0¼	99⅞	100	10/12	10½	10.51
Chemical NY 5¼ 94 ††	0¼	100⅛	100⅜	23/12	10	9.95
C.N.C.A. 5¼ 95 XW	0¼	99½	99⅞	7/12	10	10.04
C.N.C.A. 5½ 97	0¼	99½	99⅞	24/3	10.31	10.35
C.N.T. 5¼ 91	0½	99½	99⅞	8/6	10.10	10.23
Credit Foncier 5¼ 93	0⅛	99½	99⅞	8/4	10	10.04
Credit Lyonnais 5¼ 94	0⅛	99½	99⅞	8/1	10.31	10.35
Credit Lyonnais 5¼ 97	0⅛	99½	99⅞	1/4	10	10.04
Denmark 5¼ 90	0⅛	99¼	99½	13/4	10	10.06
Dresdner Fin 5¼ 93 XW	0¼	100	100¼	10/4	9.94	9.93
E.D.F. 5¼ 95 XW	0¼	99⅞	100	10/2	11⅛	11.30
E.E.C. 5 90	0⅛	100	100¼	5/1	10.10	10.17
Hispano 5¼ 95	0⅛	99⅞	99⅞	28/4	10	10.15
NZ Steel Dev 5¼ 92	0¼	100	100½	22/12	10¼	10.22
Nippon Credit 5¼ 90	0⅛	100¼	100½	10/2	11⅛	11.21
Soc Generale 5¼ 90 XW	0¼	99⅝	99⅞	9/6	10.31	10.34
Société Générale 5½ 95	0¼	99⅞	100	1/3	10.04	10.06
Sweden 5¼ 88	0¼	100	100¼	28/2	10.10	10.10
Sweden 5¼ 93	0⅛	100⅛	100½	3/2	11.10	11.15
Sweden 5⅛ 2003	0⅛	99½	99¾	17/5	5¼	5.27

Av. price changes: on day 0, on week 0

CONVERTIBLE BONDS	Conv. date	Conv. price	Bid	Offer	Chg. day	Prem
Bridgestone Tire 5½ 98	3/82	470	122½	124	+0¼	2.82
Canon 7 97	7/82	748.2	222⅞	224⅞	+4	11.29
Daiwa Sec Co 5½ 98	10/83	508	97	98¼	0	4.83
Hitachi Cable 5½ 96	2/82	515	187½	188⅜	+0¼	2.65
Honda Motor 5¼ 98	8/83	884	122¼	123⅞	+2¼	1.27
Honda Motor 5½ 97	3/83	799.6	141⅞	143⅞	+2¼	0.47
Konishiroku Photo 4 98	10/83	873	97¼	98¼	0	5.14
Kyowa Hakko 6¼ 97	2/83	762	115	116½	+0¼	14.63
Minebea Co Ltd. 5½ 88	5/83	667	112¾	113⅞	−0¼	−0.15
Mitsubishi Electric 5¼ 88	6/83	398	110¼	111¼	+0¼	3.52
Nippon Electric 5¼ 97	2/82	765.9	174	176	+2¼	5.01
Nippon Oil Co 5½ 98	4/83	984	118¼	120⅛	−0⅛	3.78
Nissan Motor 5¼ 98	4/83	770	102⅞	103⅞	+0¼	10.55
Olympus Optical 6⅞ 97	12/82	1331	106⅞	108⅞	+0¼	24.92
Orient Finance 5¼ 97	3/82	927.2	93⅞	95⅛	−0½	10.16
Orient Leasing 5¼ 98	6/83	2600	87⅞	88⅞	−0¼	3.98
Sekisui 5 98	11/83	2920	127⅞	128	−0½	−1.11
Sumitomo Electric 5½ 97	3/82	577.3	123¼	124¼	+0¼	0.10
Yamaichi Sec Co 5 98	8/83	472	94⅛	96⅞	0	2.38
Yamanouchi Pharmacal 4 98	10/83	1800	98¼	99¼	+0⅛	0.13
NEC Corp 3½ 93 SF	8/83	973	146	148	+3	1.52
Settsu Paper 3⅞ 93 SF	8/83	716	100⅞	102¼	−0⅛	12.80
Asics 5 92 DM	12/83	520	107¼	108⅞	−0¼	9.10
Konishiroku 6¾ 88 DM	6/82	616	110⅞	111	+0¼	1.89
Sum Realty 6¼ 92 DM	2/83	395	125⅞	126⅞	−2⅞	−7.82

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date = Date next coupon becomes effective. Spread = Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn. = current coupon. Cu. yld = current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cov. date = First date for conversion into shares. Cov. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.